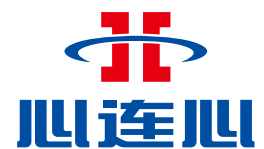


# High-Efficiency Fertilisers in China

# 中國高效肥

ANNUAL REPORT 2017 年報



China XLX Fertiliser Ltd.  
中國心連心化肥有限公司\*

(Incorporated in Singapore with limited liability)

(於新加坡註冊成立之有限公司)

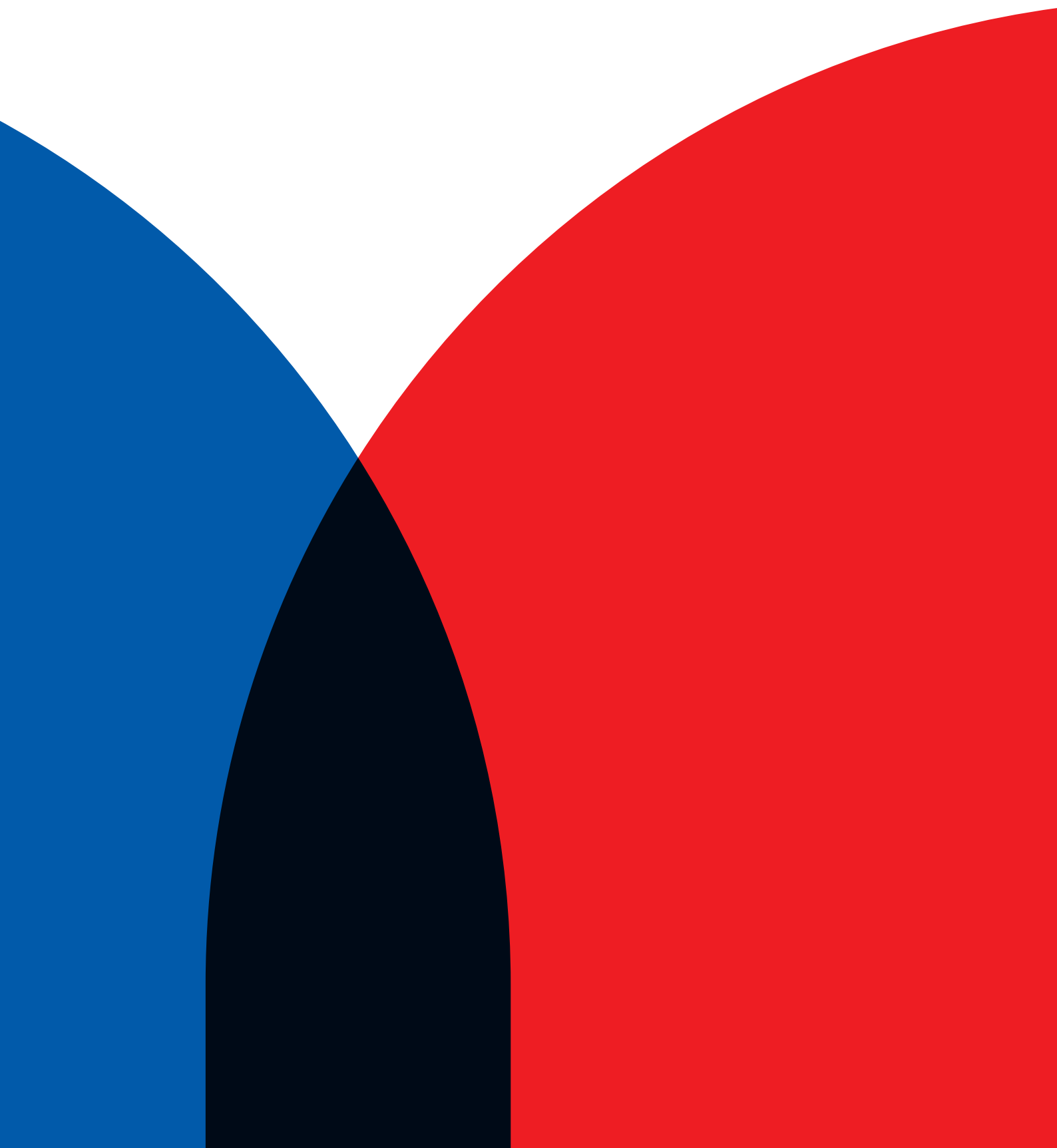
Stock Code 股份代號：1866

\* For identification purpose only 僅供識別

## **CHINA XLX CULTURE** 中國心連心文化

We attribute our achievements and breakthroughs to our dedicated team at China XLX. The team is committed to uphold the vision with integrity, discipline and strong commitment.

我們所有的成績與突破，都歸功於誠信為本、紀律嚴明、專注投入、放眼未來和充滿快樂的中國心連心團隊。



## CHINA XLX DEVELOPMENT STRATEGY:

Adhere to the enhanced development direction of cleaner chemical process of coal, and maintain the privileges and leading status in the chemical fertiliser industry. Meanwhile appropriately develop new energy and new chemical material, establishing the 'Fertiliser as base, fertiliser and chemical side by side' development plan.

### 中國心連心發展戰略：

堅持聚焦潔淨煤化工升級發展方向，確保化肥主業的優勢和行業領先地位。同時適度發展新能源、新材料化工品，總體形成「以肥為主，肥化並舉」的產業發展格局。

## Contents

### 目錄

<b>2</b>	Company Profile 公司概況
<b>4</b>	Corporate Information 公司資料
<b>7</b>	Financial Highlights 財務概要
<b>8</b>	Major Events in 2017 二零一七年度大事記
<b>10</b>	Chairman's Statement 主席報告
<b>15</b>	Management Discussion and Analysis 管理層討論與分析
<b>29</b>	Directors, Senior Management and Company Secretaries 董事、高級管理層及公司秘書
<b>36</b>	Investor Relations 投資者關係
<b>38</b>	Corporate Governance Report 企業管治報告
<b>64</b>	Directors' Statement 董事報告
<b>81</b>	Independent Auditor's Report 獨立核數師報告
<b>88</b>	Consolidated Statement of Profit or Loss and Other Comprehensive Income 綜合損益及其他全面收益表
<b>89</b>	Statements of Financial Position 財務狀況表
<b>91</b>	Statements of Changes in Equity 權益變動表
<b>93</b>	Consolidated Statement of Cash Flows 綜合現金流量表
<b>95</b>	Notes to Financial Statements 財務報表附註
<b>190</b>	Five-Year Financial Summary 五年財務資料摘要
<b>191</b>	Glossary 詞彙表

# Company Profile

## 公司概況

- Leading enterprise in the PRC chemical fertiliser industry
- Largest single scale urea producer in the PRC
- Largest compound fertilisers enterprise in Henan Province, with an annual production capacity of 2,150,000 tons
- Most cost-effective urea producer in the PRC (Honourably awarded as **"Ammonia Energy Consumption Leader"** for six consecutive years by China Petroleum and Chemical Industry Federation)
- New/High Tech Enterprise in the PRC (enjoying preferential income tax rate of 15%)
- First state-level nitrogen fertiliser research center and largest agriculture service center in the PRC
- First producer mastering the controlled release urea production patented technology in the PRC
- 中國化肥行業領軍企業
- 中國單體規模最大的尿素生產商
- 河南省最大的複合肥生產企業，年產能215萬噸
- 中國最具成本效益的尿素生產企業（連續六年獲中國石油和化學工業聯合會頒發「合成氨能效領跑者標杆企業」）
- 中國高新技術企業（享受15%的優惠所得稅率）
- 首個國家級氮肥研發中心和全國最大的農化服務中心
- 中國第一家掌握控失尿素生產專利技術的生產企業

1

Strategic geographical location  
戰略性地理佈局

3

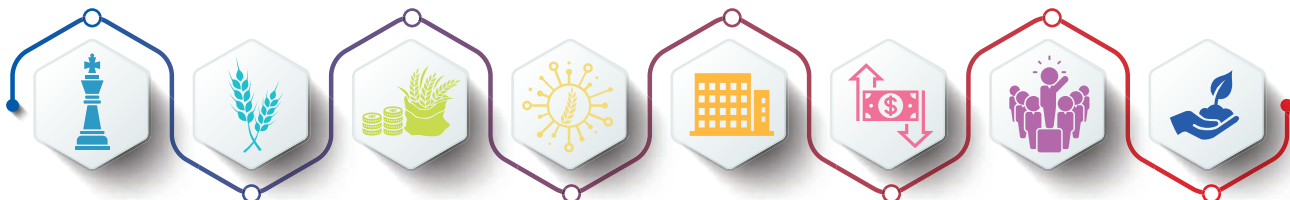
"Low-cost + differentiation" production strategy  
「低成本+差異化」產品戰略

5

Leading enterprise in the industry  
行業的領軍者

7

Stable, experienced management team and highly loyal employees who have a approximately 64% shareholding in the Company collectively  
擁有穩定和經驗豐富的管理團隊及高度忠誠員工，合計持有本公司大約64%股權



2

Obvious cost leadership  
成本效益優勢明顯

4

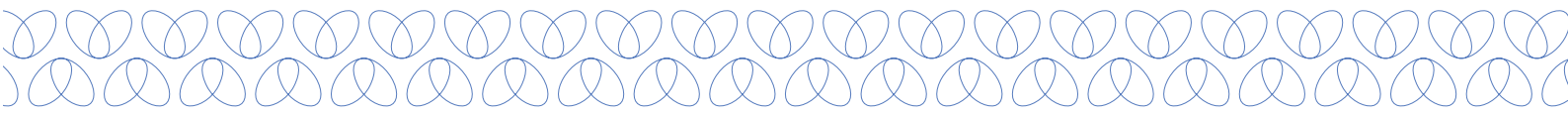
Strong brand and sales network  
強大的品牌和銷售網絡

6

Strong and healthy operating cash flow  
強勁和健康的經營現金流

8

Continuously improving corporate governance and internal supervision  
不斷完善的企業管治和內部監控



China XLX was incorporated with limited liability on 17 July 2006 in Singapore under the Companies Act, with the Group's registered office at 80 Robinson Road, #02-00, Singapore 068898. The Group's headquarters and principal place of business is located in Xinxiang Economic Development Zone, Henan Province, the PRC. In terms of capacity and production cost, the Group is now one of the largest and most cost-efficient coal-based urea producers in the PRC, aiming to become **"the most respected enterprise in the chemical fertiliser industry in the PRC"**. The subsidiary, Henan XLX, is principally engaged in developing, manufacturing, and selling of urea, compound fertiliser, methanol, methoxymethane, melamine, furfuryl alcohol and related differentiated products, among which the annual production capacity of urea, compound fertiliser, methanol, methoxymethane, melamine and furfuryl alcohol are 2,600,000 tons, 2,150,000 tons, 600,000 tons, 200,000 tons, 60,000 tons, and 50,000 tons, respectively. China XLX has been listed on the Main Board of the SEHK since 8 December 2009 with stock code **"1866"**.

中國心連心是於二零零六年七月十七日根據公司法在新加坡註冊成立之有限公司，本集團的註冊辦事處位於80 Robinson Road, #02-00, Singapore 068898。本集團總部和主要營業地點位於中國河南新鄉經濟開發區。就產能和生產成本而言本集團目前是中國最大且最具成本效益的煤基尿素生產商之一，目標是成為「**中國最受尊重的化肥企業集團**」。附屬公司河南心連心主要從事尿素、複合肥、甲醇、二甲醚、三聚氰胺、糠醇等相關差異化產品的研發、生產與銷售，其中尿素年產能260萬噸、複合肥215萬噸、甲醇60萬噸、二甲醚20萬噸、三聚氰胺6萬噸、糠醇5萬噸。中國心連心自二零零九年十二月八日起在聯交所主板掛牌上市，股份代號「**1866**」。

# Corporate Information

## 公司資料

### BOARD

#### EXECUTIVE DIRECTORS

LIU Xingxu (*Chairman of the Board*)  
ZHANG Qingjin (*Chief Executive Officer*)  
YAN Yunhua (*Chief Financial Officer*)

#### NON-EXECUTIVE DIRECTOR

LIAN Jie

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

ONG Kian Guan  
LI Shengxiao  
ONG Wei Jin

### BOARD COMMITTEES

#### AUDIT COMMITTEE

ONG Kian Guan (*Chairman*)  
LI Shengxiao  
ONG Wei Jin

#### REMUNERATION COMMITTEE

ONG Wei Jin (*Chairman*)  
ONG Kian Guan  
LI Shengxiao

#### NOMINATION COMMITTEE

LI Shengxiao (*Chairman*)  
LIU Xingxu  
ONG Kian Guan  
ONG Wei Jin

### 董事會

#### 執行董事

劉興旭 (*董事會主席*)  
張慶金 (*首席執行官*)  
閻蘊華 (*首席財務官*)

#### 非執行董事

廉潔

#### 獨立非執行董事

王建源  
李生校  
王為仁

### 董事會委員會

#### 審核委員會

王建源 (*主席*)  
李生校  
王為仁

#### 薪酬委員會

王為仁 (*主席*)  
王建源  
李生校

#### 提名委員會

李生校 (*主席*)  
劉興旭  
王建源  
王為仁

## **AUTHORISED REPRESENTATIVES UNDER LISTING RULES**

YAN Yunhua  
So Yee Kwan

## **JOINT COMPANY SECRETARIES**

SO Yee Kwan  
CHEOK Hui Yee

## **AUDITOR**

Ernst & Young LLP  
One Raffles Quay  
North Tower, Level 18  
Singapore, 048583  
Partner-in-charge: LEE Lai Hiang

## **LEGAL ADVISORS**

Reed Smith Richards Butler (Hong Kong)  
Hiways Law Firm (China)  
Shook Lin & Bok LLP (Singapore)

## **PRINCIPAL BANKERS**

The Export-Import Bank of China  
China Construction Bank  
Bank of China  
Industrial & Commercial Bank of China  
Bank of Communications  
China CITIC Bank  
HSBC

## **REGISTERED OFFICE**

80 Robinson Road  
#02-00, Singapore 068898

## **上市規則下的授權代表**

閔蘊華  
蘇漪筠

## **聯席公司秘書**

蘇漪筠  
石慧儀

## **核數師**

安永會計師事務所  
One Raffles Quay  
North Tower, Level 18  
Singapore, 048583  
項目合夥人：李來香

## **法律顧問**

禮德齊伯禮律師行(香港)  
海華永泰律師事務所(中國)  
旭齡及穆律師事務所(新加坡)

## **主要往來銀行**

中國進出口銀行  
中國建設銀行  
中國銀行  
工商銀行  
交通銀行  
中信銀行  
滙豐銀行

## **註冊辦事處**

80 Robinson Road  
#02-00, Singapore 068898



## Corporate Information

公司資料

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN PRC

Xinxiang Economic Development Zone  
Henan Province  
PRC 453731

### STOCK CODE

Hong Kong Stock Code: 1866

### CORPORATE WEBSITE

[www.chinaxlx.com.hk](http://www.chinaxlx.com.hk)

### 總辦事處暨中國主要營業地點

中國河南省  
新鄉經濟開發區  
郵編：453731

### 股份代號

香港股份代號：1866

### 公司網址

[www.chinaxlx.com.hk](http://www.chinaxlx.com.hk)



# Financial Highlights

## 財務概要

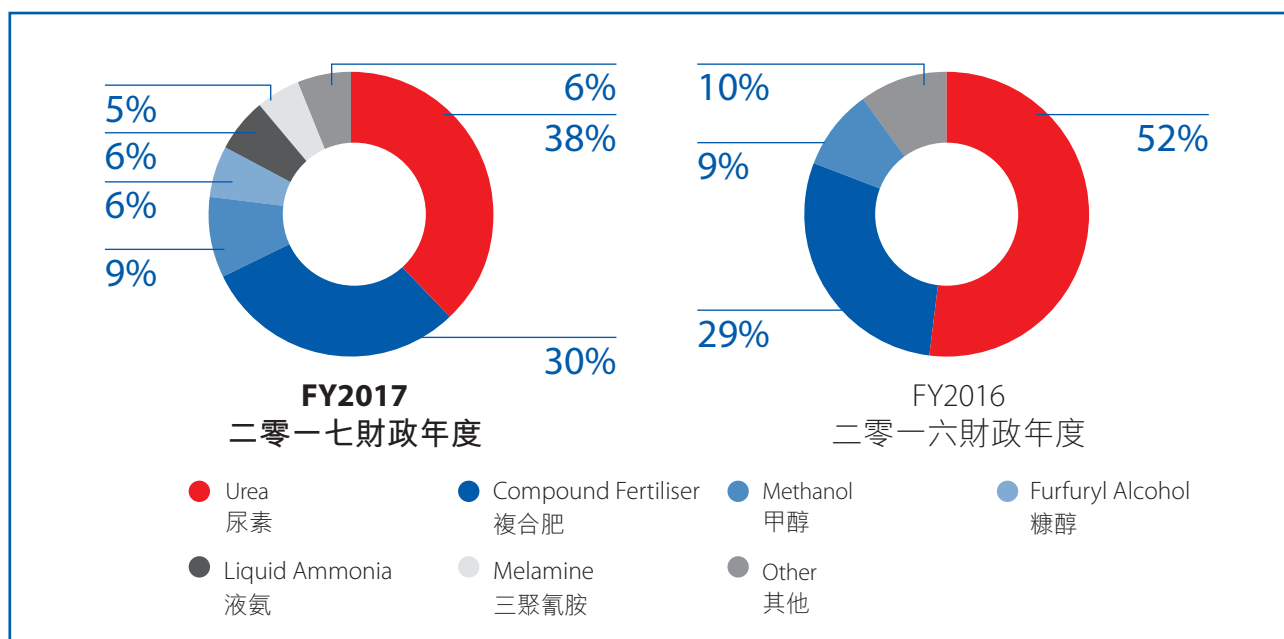
### RESULTS PERFORMANCE

### 業績表現

(RMB million)	(人民幣百萬元)	2016 二零一六年	2017 二零一七年
Revenue	收入	5,711	7,562
Cost of sales	銷售成本	(4,687)	(5,975)
Gross profit	毛利	1,024	1,587
Profit before tax	除稅前盈利	40	485
Income tax expense	所得稅開支	(11)	(61)
Net profit	純利	29	424
Basic and diluted earnings per share (RMB cents)	每股基本及攤薄盈利 (人民幣分)	2.56	33.95
Dividend per share (RMB cents)	每股派息 (人民幣分)	4.00	8.49

### REVENUE BREAKDOWN BY SEGMENT

### 分類產品收入



# Major Events in 2017

## 二零一七年度大事記



1



2



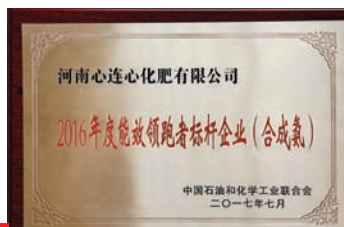
3



4



5



6.1



6.2

### 2月 FEBRUARY

The Company successfully signed contracts in respect of The National 13th Five Year Major Project for high-efficiency fertiliser (humic acid urea, humic acid compound fertiliser).  
本公司成功就高效肥(腐植酸尿素、腐植酸複合肥)簽約成為國家「十三五」重點項目。<sup>1</sup>

### 3月 MARCH

Take up the baton and start a new long march, stretch out to the fertile soil and travel a thousand miles. XLX embarked on large-scale charitable activities "Fruitful China" in full swing.  
接力新長征 沃土萬里行心連心「沃豐中華」大型公益活動全面啟動。<sup>2</sup>

### 4月 APRIL

Tower granulated water-soluble fulvic acid compound fertiliser was produced successfully, which achieved a breakthrough in cash crop specific fertiliser and fertiliser package mode.  
高塔全水溶黃腐酸複合肥生產成功，實現了在經濟作物專用肥及套餐施肥模式上的重大突破。<sup>3</sup>

### 5月 MAY

The Company had participated in drafting The Chinese National Standards "Norm of water intake: Synthetic ammonia" which was approved for issue.  
本公司參與起草的《取水定額 合成氨》國家標準獲批頒佈。  
The Chairman of the Board, Mr. Liu Xingxu, was honoured with the 3rd "Most Excellent Citizen in Xinxiang".  
董事會主席劉興旭榮獲第三屆「最美新鄉人」。<sup>4</sup>

### 6月 JUNE

The Company convened the Autumn 2017 Zhongyuan Market Business Summit with "New image, Sincere marketing" as the theme.  
本公司以「新形象 心營銷」為主題的2017中原市場秋季營銷峰會隆重召開。<sup>5</sup>

### 7月 JULY

Henan XLX was honourably recognised as "Ammonia Energy Efficiency Leader" for six consecutive years, reaching the optimal efficiency of both old and new processes.  
河南心連心榮膺「能效領跑者(合成氨)」六連冠 實現新老工藝能效「雙領跑」。<sup>6.1</sup>  
Henan XLX was honourably awarded the "2017 Best Enterprise in China Chemical Fertiliser Industry and Green Fertiliser Industry". Henan XLX will continue to capitalise on technological advantages and develop platform advantages, with a view to making greater contribution to the efficiency of chemical fertiliser and transformation of the industry.  
河南心連心榮獲「2017中國化肥行業綠色肥企業示範單位」稱號，繼續發揮技術優勢和研發平臺優勢，為化肥增效和行業轉型做出更大的貢獻。<sup>6.2</sup>



7



8



9



10

## 8月 AUGUST

Henan XLX was recognised as the "New/High Tech Enterprise in the PRC" for the third time.  
河南心連心第三次被評定為「國家高新技術企業」。

## 9月 SEPTEMBER

Governor of Henan Province Chen Runer visited and inspected the operation of the Company.  
河南省省長陳潤兒蒞臨公司視察工作。

## 10月 OCTOBER

Henan XLX's flagship product "Mei Ke Nong tower granulated fulvic acid" premiered at The 19th National Fertiliser Information Exchange aka Product Trade Fair.  
河南心連心明星產品「美可農高塔黃腐酸」亮相第十九屆全國肥料信息交流暨產品交易會。

## 12月 DECEMBER

Jiujiang Xinlianxin Fertiliser Co., Ltd. successfully operated the "dual drying dual cooling" compound fertiliser production line phase 1 for the first time.  
九江心連心化肥有限公司複合肥一期雙烘雙冷生產線一次開車成功。



## Chairman's Statement

### 主席報告

Dear Shareholders,

I would like to express my gratitude to you for supporting and having confidence in China XLX Fertiliser Ltd.. On behalf of the Board, I am pleased to present the audited consolidated financial statements of the Group for FY2017, while introducing the vision and planning of the Group for the following year.

各位股東：

感謝大家一直以來對中國心連心化肥有限公司的支持和信任，本人謹代表董事會，欣然向各位股東報告本集團二零一七財政年度的經審核綜合財務報表，同時介紹本集團在新的一年裡的願景和規劃。

### FINANCIAL RESULTS

#### CONTINUOUS AND STEADY GROWTH OF INCOME

The income of FY2017 has increased approximately RMB 1,851,000,000 or approximately 32% from the income of approximately RMB 5,711,000,000 in FY2016 to approximately RMB 7,562,000,000. The increase is mainly due to the increased sales volumes of compound fertiliser and melamine.

#### DIVIDEND AND DIVIDEND PAYOUT RATIO

The Board proposed the payment of a final dividend of RMB 8.49 cents per share for the year ended 31 December 2017 (2016: RMB 4 cents) on 26 June 2018 to Shareholders whose names appear on the Company's Register of Members on 8 June 2018. The dividend ratio is approximately 20% of the net profit after tax. The dividend payout ratio has remained above 20% of net profit after tax of the Group for eleven consecutive years from 2007 to 2017.

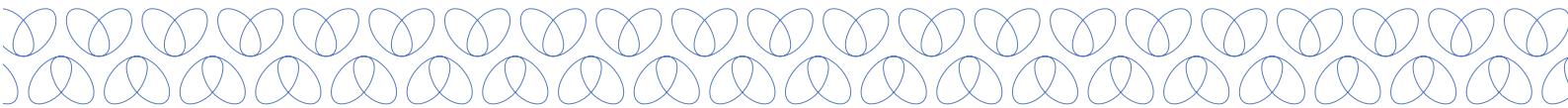
### 財務業績

#### 收入繼續保持穩定增長

二零一七財政年度的收入由二零一六財政年度的約人民幣5,711,000,000元增加約人民幣1,851,000,000元或約32%至約人民幣7,562,000,000元。此項增加乃主要由於複合肥及三聚氰胺銷量增加。

#### 股息和派息比例

董事會建議於二零一八年六月二十六日向於二零一八年六月八日名列本公司股東名冊的股東派發截至二零一七年十二月三十一日止年度末期股息，每股人民幣8.49分（二零一六年：人民幣4分），派息比率約為稅後純利的20%。本集團於二零零七年至二零一七年連續十一年派息比例均保持在每年稅後純利的20%以上。



**LIU Xingxu 劉興旭**

Chairman of the Board 董事會主席



## BUSINESS REVIEW

In 2017, under the circumstances of National fertiliser supply-side reform, zero growth in chemical fertiliser industry, implementation of fertiliser classification policy and eco-friendly governance, the structural modification of the industry will further motivate the industry to consolidate and re-shuffle, phasing out obsolete producers, thus the intensity of the industry be enhanced. In light of this new trend and situation, the Group will continue to stick to its fundamentals, and strive to ameliorate its strategy, scale, technology, products, and channels. Meanwhile, we will adopt technology that is more advanced, develop and promote more efficient and eco-friendly fertiliser, strengthen our agricultural technology service, and continuously improve our integrated competitiveness.

The Group's plant I, plant II, plant III, plant IV and plant V (in Xinjiang), carried out steady and high-efficiency operation. The overall gross profit margin increased from approximately 18% in FY2016 to approximately 21% in FY2017, which is due to the increase in the gross profit margin of urea and methanol. The net profit after tax of the Group increased from RMB29 million for FY2016 to RMB424 million for FY2017.

## 業務回顧

二零一七年度，在國家肥料供給側改革、化肥零增長、肥料分級等政策實施和環保治理力度空前等大背景下，行業結構調整還會進一步推動行業整合洗牌，淘汰落後產能，產業集中度會進一步提升。在這樣的新形勢、新背景下，本集團繼續練好內功，堅持戰略、規模、技術、產品、渠道等方面的轉型升級，同時，採用更先進的工藝，研發推廣更高效、環保的肥料，進一步強化農化科技服務，不斷提高企業的綜合競爭力。

本集團一廠、二廠、三廠、四廠及位於新疆的五廠均實現穩定高效運營，整體毛利率由二零一六財政年度的約18%提高至二零一七財政年度的約21%，乃由於尿素及甲醇的毛利率增加。本集團稅後純利由二零一六財政年度的人民幣0.29億元增加到二零一七財政年度的人民幣4.24億元。

## Chairman's Statement

### 主席報告

#### UREA

Gross profit margin for urea increased from approximately 19% in FY2016 to approximately 23% in FY2017. This was mainly due to the increase in average selling price of urea by approximately 25% affected by the tightening supply resulted from growing pressure on environmental protection and industry consolidation in China. The increase was partially offset by the increase in average cost of sales by approximately 19% due to the higher average purchase price for coal.

#### METHANOL

Gross profit margin for methanol increased from approximately 15% in FY2016 to approximately 19% in FY2017. This was mainly due to the increase in average selling price of methanol by approximately 33%, while the increase in average cost of sales by approximately 27% as compared to FY2016.

#### COMPOUND FERTILISER

Gross profit margin for compound fertiliser decreased from approximately 17% in FY2016 to approximately 14% in FY2017. This was mainly due to the increase in average cost of sales by approximately 9% resulted from the higher raw material prices.

#### CORPORATE GOVERNANCE

With its mission to serve the best interests of the Shareholders, the Board has consistently strived to enhance the standard of corporate governance and to develop a standardised, highly effective and scientific corporate governance mechanism. The Group held seven Board meetings in the year 2017 to review and approve matters including the quarterly results, interim report, annual report, dividend payout ratio, connected transactions and development strategies of the Group. The AC, the RC and the NC have exercised and performed the rights and duties conferred on them by the Board with a view of raising the standards of the Company's risk management and internal control and perfecting the Company's governance structure. For internal audit: internal audit was mainly conducted by the internal audit team of the Company in 2017, focusing on enhancing internal risk control over logistics management, procurement management, capital management, sales management and other key processes, and thereby enhancing operational efficiency.

#### 尿素

尿素的毛利率由二零一六財政年度的約19%增加至二零一七財政年度的約23%。這主要是由於受中國日益增加的環保壓力及行業整合導致供應收緊影響，尿素的平均售價增加約25%。該增加被平均銷售成本增加約19%所部分抵銷，而平均銷售成本增加乃由於煤炭平均採購價增加。

#### 甲醇

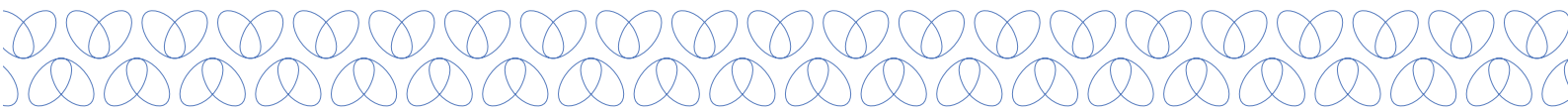
甲醇的毛利率由二零一六財政年度的約15%增加至二零一七財政年度的約19%。這主要是由於甲醇平均售價較二零一六財政年度升高約33%，而平均銷售成本比二零一六財政年度增加約27%所致。

#### 複合肥

複合肥的毛利率由二零一六財政年度的約17%減少至二零一七財政年度的約14%。此乃主要由於原材料成本增加導致的平均銷售成本增加約9%。

#### 企業管治

董事會以實現股東的最大利益為目標，始終不斷提升企業管治水平，建立規範、高效、科學化的公司治理機制。本集團在二零一七年度召開了七次董事會會議，對本集團的季度業績、中期報告、年報、派息比例、關連交易及發展戰略等議題進行了審議和批准。審核委員會、薪酬委員會及提名委員會在本公司風險管理及內部監控水平的提高和本公司治理結構的完善等方面，都履行了董事會賦予的權利和責任。內控審計方面：二零一七年主要由本公司內審團隊進行內控審計，重點對公司物流管理、採購管理、資金管理、銷售管理等關鍵流程的內部風險控制，提升運營效率。



## INVESTOR RELATIONS

The Group highly values its relationship with its investors and communicates with them through a number of channels. It aims to provide the latest information on the Group's operations and business development to its investors, so that they can obtain all necessary information on a timely manner to make informed investment decisions. Please refer to the "Investor relations" section of this annual report for more details.

## PROSPECTS

**Strategic Planning:** Adhere to the enhanced development direction of cleaner chemical process of coal, and maintain the advantage and leading status in the chemical fertiliser industry. Meanwhile appropriately develop new energy and new chemical material, establishing the 'Fertiliser as base, fertiliser and chemical side by side' development plan.

- **Xinxiang Base:** Position as the Company's core base, take 'industrial park' as standard, exploit resources synergies of the park, create "fertiliser as base, chemical as complement" characteristics of the base, and continuously enhance the profitability of the base.
- **Xinjiang Base:** Adhere to the leading position in the market, utilise the existing advantages of industrial chain, establish resource-rich transformation base with better profitability. Grasp the market opportunity and highlight the advantages of our brand and differential competitiveness. In the following three years, we will form differential product combination for coal, high-efficiency urea, melamine, drip fertigation fertiliser, high-efficiency compound fertiliser, boosting the profitability to a higher level.
- **Jiujiang Base:** Grasp the opportunity of developing riverine area, fully utilise the advantages of waterborne transport, concentrate on the construction project phase 1, and establish "fertiliser as base, fertiliser and chemical side by side" with modernization of the chemical park base.
- **North-eastern Base:** Adapt to the characteristics of the local market, and position as a professional bulk blending fertiliser supplier. Utilising the advantages of compound fertiliser, bulk blending fertiliser, control release fertiliser, humic acid fertiliser and high-efficiency urea, consolidate the social resources and channel resources, in order to further nurture and develop the north-eastern market.

## 投資者關係

本集團高度重視投資者關係維護，通過多種渠道與投資者進行溝通，旨在為投資者提供有關本集團的運營和業務發展的最新信息，讓其及時了解所需資料並作出相應的投資決定。具體內容可以參見本年報「投資者關係」一節。

## 前景展望

**戰略導向：**堅持聚焦潔淨煤化工升級發展方向，確保化肥主業的優勢和行業領先地位。同時適度發展新能源、新材料化工品，總體形成「以肥為主，肥化並舉」的產業發展格局。

- **新鄉基地：**定位為本公司的核心根據地。以「工業旅遊園區」為標準，發揮園區資源協同效應，打造「以肥為主、以化為補」的特色基地，持續提升基地盈利能力。
- **新疆基地：**堅持市場第一品牌的定位，利用現有產業鏈優勢，打造盈利能力較強的高資源轉化基地。抓住市場機遇，突出品牌優勢和差異化競爭優勢；未來三年，形成煤礦、高效尿素、三聚氰胺、滴灌肥、高效複合肥等系列差異化產品組合，盈利水平再上新臺階。
- **九江基地：**搶抓沿江發展機遇，充分利用水運優勢，集中精力搞好一期項目建設，打造「以肥為基、肥化並舉」的現代化化工園區。
- **東北基地：**適應當地市場特徵，定位做專業化的BB肥原料供應商。利用複合肥、BB肥、控失肥、腐植酸肥和高效尿素的優勢，整合社會原料資源、渠道資源，進一步培育、開拓東北市場。

## Chairman's Statement

### 主席報告


#### STRATEGIC OBJECTIVES

For the next three years, we will proactively respond to demand of society and industrial upgrading and development, focus on "technical innovation, product innovation, marketing innovation, service innovation", enhance marketing service professional standards, highlighting the sound brand position of "Pioneer of High-Efficiency Fertiliser in China" and "Leader of Chemical Industry".

Working for a better tomorrow is also our corporate's mission, and is the strong corporate dream that all XLX people always strive for. In accordance with the overall development strategy of the Group, we adhere to the competitive strategy of "combination of low cost and differentiation"; achieve industry-leading cost consumption, industry-leading technology level, market-leading brand marketing and industry-leading safety and environmental protection in the name of "Pioneer of High-Efficiency Fertiliser in China" in leading the industry; and supporting the continuous exploration of high-efficiency chemical fertilisers and agricultural science, rewarding farmers and serving the community, with higher standards in the industry. We will proactively shoulder more corporate responsibility in leading the industry, and strive to become "the most respected enterprise in the chemical fertiliser industry in China".

#### APPRECIATION

Lastly, on behalf of the Board, I would like to take this opportunity to extend my heartfelt gratitude to all Shareholders, the Company's management team, all the staff, customers and friends who have been caring for and supporting us. In 2018, the Group's senior management and staff will continue working cohesively under the leadership of the Board to endeavour to achieve better performance and investment returns for the Shareholders through its strategy of "combination of low cost and differentiation".



**LIU Xingxu**  
Chairman of the Board  
19 March 2018


#### 戰略目標

未來三年，我們將積極響應社會、行業升級發展的要求，重點做好「技術創新、產品創新、營銷創新、服務創新」，著力提升營銷服務專業化水平，突出「中國高效肥倡導者」、「化工行業領先」的強勢品牌定位。

為了明天更美好亦是我們的企業使命，更是全體心連心不懈追求的強企之夢，根據本集團發展總戰略，堅持「低成本+差異化」的競爭策略；實現成本消耗行業領先，技術水平行業領先，品牌營銷市場領先，安全環保行業領先，以「中國高效肥倡導者」身份引領行業；並以更高標準引領行業，支持行業對高效能化肥和科技農業的持續探索，且回報農民，服務社會；主動擔負企業的更大責任，努力成為「中國最受尊重的化肥企業集團」。

#### 致謝

最後，藉此機會，本人謹代表董事會向各位股東，公司管理層、全體員工、所有客戶和關心支持本集團發展的各界朋友們，致以衷心的感謝！二零一八年，本集團的高級管理層和全體員工，將在董事會指導下，團結一致，堅持「低成本+差異化」戰略，努力為各位股東贏得最佳的業績回報。



董事會主席  
**劉興旭**  
二零一八年三月十九日



# Management Discussion and Analysis

## 管理層討論與分析

### (I) BUSINESS REVIEW

#### COAL AND ELECTRICITY CONSUMPTION

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年	2016 二零一六年
Fixed bed technology coal consumption (tons)	固定床技術 煤消耗(噸)	<b>Urea per ton 每噸尿素</b>	Urea per ton 每噸尿素
Raw coal	原料煤	<b>0.608</b>	0.605
Fuel coal	燃料煤	<b>0.153</b>	0.151
Total coal consumption	總煤耗量	<b>0.761</b>	0.756
		<b>2017 二零一七年</b>	2016 二零一六年
Coal water slurry technology coal consumption (tons)	水煤漿技術 煤消耗(噸)	<b>Urea per ton 每噸尿素</b>	Urea per ton 每噸尿素
Raw coal	原料煤	<b>0.783</b>	0.784
Fuel coal	燃料煤	<b>0.267</b>	0.291
Total coal consumption	總煤耗量	<b>1.050</b>	1.075
		<b>2017 二零一七年</b>	2016 二零一六年
Electricity consumption (KWh)	電耗量(千瓦時)	<b>KWh per ton 每噸千瓦時</b>	KWh per ton 每噸千瓦時
Urea (Fixed bed technology)	尿素(固定床技術)	<b>785</b>	769
Urea (Coal water slurry technology)	尿素(水煤漿技術)	<b>312</b>	321

### (I) 業務回顧

#### 煤和電耗情況

# Management Discussion and Analysis

## 管理層討論與分析

### SALES OF THE GROUP IN 2017

As at the end of 2017, the Group's sales volume of urea was approximately 2,015,000 tons, decreased by approximately 574,000 tons compared to 2016. The decrease in sales volume of urea was mainly due to the fact that the Group flexibly decided to produce and sell melamine and liquid ammonia with higher profitability. In 2017, the Group's sales volume of melamine and liquid ammonia products were 63,000 tons and 223,000 tons respectively. In addition, as the Group has been enhancing the sales network and the production capacity of compound fertiliser, the sales volume of compound fertiliser in 2017 reached 1,244,000 tons. The Group's sales volume of methanol and furfuryl alcohol in 2017 was 327,000 tons and 32,000 tons respectively.

### SALES VOLUME

### 本集團二零一七年銷售情況

截至二零一七年末，本集團尿素銷量約2,015千噸，比二零一六年減少約574千噸。尿素銷量減少的主要原因是由於二零一七年本集團根據產品之間的盈利能力靈活調節，選擇生產和銷售盈利能力更強的三聚氰胺和液氨產品。二零一七年本集團三聚氰胺和液氨產品銷量分別為63千噸和223千噸。另外，隨著本集團不斷擴展銷售網絡和提高複合肥產能，二零一七年本集團複合肥產品銷量達到1,244千噸。二零一七年本集團甲醇和糠醇銷量分別為327千噸和32千噸。

### 銷量情況

Year ended 31 December  
截至十二月三十一日止年度

		2017 二零一七年 Thousand tons 千噸	2016 二零一六年 Thousand tons 千噸
Urea	尿素	2,015	2,589
Compound fertiliser	複合肥	1,244	948
Methanol	甲醇	327	337
Melamine	三聚氰胺	63	12
Furfuryl alcohol	糠醇	32	38
Liquid ammonia	液氨	223	-

## REVENUE

Revenue increased by approximately RMB1,851 million or approximately 32% from approximately RMB5,711 million in FY2016 to approximately RMB7,562 million in FY2017. The increase of revenue was mainly due to the increase of sales volume of compound fertiliser and melamine, and the higher average selling prices of methanol, urea and furfuryl alcohol.

## UREA

Revenue derived from the sales of urea decreased by approximately RMB88 million or approximately 3% from approximately RMB2,940 million in FY2016 to approximately RMB2,852 million in FY2017. The decrease was mainly due to the decrease in sales volume by approximately 574,000 tons from approximately 2,589,000 tons in FY2016 to approximately 2,015,000 tons in FY2017. The reduction in sales of urea are mainly because the Group chose to produce and sell more melamine and liquid ammonia instead of urea based on profitability of the three products to maximise the overall return of the Group. The decrease in sales volume of urea was offset by the increase in average selling price of urea by approximately 25% due to the tightening supply through industry consolidation and growing pressure on environmental protection in China.

## METHANOL

Revenue derived from the sales of methanol increased by approximately RMB153 million or approximately 29% from approximately RMB532 million in FY2016 to approximately RMB685 million in FY2017. The increase was mainly due to the increase in average selling price of methanol by approximately 32%. The increase in average selling price of methanol was offset by the decrease in sales volume by approximately 3% from approximately 337,000 tons in FY2016 to approximately 327,000 tons in FY2017. The reduction in sales volume of methanol was due to the internal consumption by the Group for the production of dimethyl ether (DME) as feedstock. The Group's DME production line commenced production in September 2017 which is designed to have an annual production capacity of 200,000 tons.

## 收入

收入由二零一六財政年度的約人民幣5,711,000,000元增加約人民幣1,851,000,000元或約32%至二零一七財政年度的約人民幣7,562,000,000元。收入增加乃主要由於複合肥及三聚氰胺銷量增加以及甲醇、尿素及糠醇的平均售價上漲所致。

## 尿素

尿素的銷售收入由二零一六財政年度的約人民幣2,940,000,000元減少約人民幣88,000,000元或約3%至二零一七財政年度的約人民幣2,852,000,000元。減少乃主要由於銷量由二零一六財政年度的約2,589,000噸減少約574,000噸至二零一七財政年度的約2,015,000噸。尿素銷售減少乃主要由於本集團根據三聚氰胺、液態氨及尿素的盈利能力而選擇生產及銷售更多三聚氰胺及液態氨而非尿素，以最大化本集團整體回報。尿素銷量減少被尿素平均售價增加約25%所抵銷，而平均售價增加乃由於中國行業整合及日益增加的環保壓力導致供應收緊。

## 甲醇

甲醇的銷售收入由二零一六財政年度的約人民幣532,000,000元增加約人民幣153,000,000元或約29%至二零一七財政年度的約人民幣685,000,000元。增加乃主要由於甲醇的平均售價增加約32%所致。甲醇的平均售價增加被銷量由二零一六財政年度的約337,000噸減少約3%至二零一七財政年度的約327,000噸所抵銷。甲醇銷量減少乃由於本集團生產二甲醚(DME)內部消耗甲醇(作為原料)所致。本集團的DME生產線於二零一七年九月投產，設計年產能為200,000噸。

# Management Discussion and Analysis

## 管理層討論與分析

### COMPOUND FERTILISER

Revenue derived from the sales of compound fertiliser increased by approximately RMB614 million or approximately 37% from approximately RMB1,658 million in FY2016 to approximately RMB2,272 million in FY2017. Such increase was mainly due to the increase in sales volume of compound fertiliser by approximately 31% from approximately 948,000 tons in FY2016 to approximately 1,244,000 tons in FY2017 as a result of the expansion of sales network and increase in production capacity.

### MELAMINE

Revenue derived from the sales of melamine was approximately RMB383 million with sales volume of approximately 63,000 tons in FY2017. In September 2016, the Group's melamine project phase I in Xinjiang Plant V with an annual production capacity of 60,000 tons has successfully commenced operation and has become a new driver for the Group's profit growth.

### FURFURYL ALCOHOL

Revenue derived from the sales of furfuryl alcohol increased by approximately RMB202 million or 78% from approximately RMB260 million in FY2016 to approximately RMB462 million in FY2017. The increase was mainly due to the increase in average selling price of furfuryl alcohol by approximately 109%. The increase was offset by the decrease in sales volume by approximately 6,000 tons from approximately 38,000 tons in FY2016 to approximately 32,000 tons in FY2017.

### PROFITABILITY

Overall gross profit margin of the Group increased from approximately 18% in FY2016 to 21% in FY2017 mainly due to the increase in the gross profit margins for urea and methanol, and the improvement of products mix in a more flexible manner after the commencement of production of melamine and DME products.

### 複合肥

複合肥的銷售收入由二零一六財政年度的約人民幣1,658,000,000元增加約人民幣614,000,000元或約37%至二零一七財政年度的約人民幣2,272,000,000元。增加乃主要由於複合肥銷量由二零一六財政年度的約948,000噸增加約31%至二零一七財政年度的約1,244,000噸，此乃由於擴展銷售網絡及提高產能所致。

### 三聚氰胺

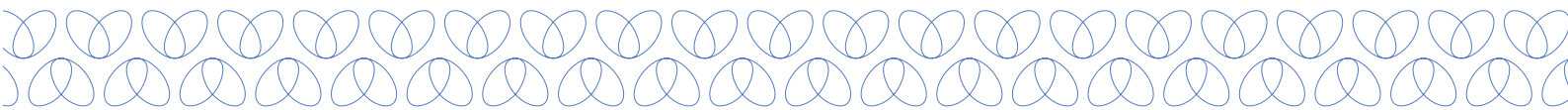
於二零一七財政年度，三聚氰胺的銷售收入約為人民幣383,000,000元，而銷量約為63,000噸。於二零一六年九月，本集團位於新疆第五廠的三聚氰胺一期項目已成功投產，年產能為60,000噸，成為本集團溢利增長的新動力。

### 糠醇

糠醇的銷售收入由二零一六財政年度的約人民幣260,000,000元增加約人民幣202,000,000元或78%至二零一七財政年度的約人民幣462,000,000元。增加乃主要由於糠醇的平均售價增加約109%所致。增加被銷量由二零一六財政年度的約38,000噸減少約6,000噸至二零一七財政年度的約32,000噸所抵銷。

### 盈利能力

本集團的整體毛利率由二零一六財政年度的約18%增加至二零一七財政年度的約21%，此乃主要由於尿素及甲醇的毛利率增加，以及於三聚氰胺及DME產品投產後更靈活優化產品組合所致。



### UREA

Gross profit margin for urea increased from approximately 19% in FY2016 to 23% in FY2017. This was mainly due to the increase in average selling price of urea by approximately 25% affected by the tightening supply resulted from growing pressure on environmental protection and industry consolidation in China. The increase was partially offset by the increase in average cost of sales by approximately 19% due to the higher average purchase price for coal.

### METHANOL

Gross profit margin for methanol increased from approximately 15% in FY2016 to 19% in FY2017. This was mainly due to the increase in average selling price of methanol by approximately 33%, while the increase in average cost of sales by approximately 27% as compared to FY2016.

### COMPOUND FERTILISER

Gross profit margin for compound fertiliser decreased from approximately 17% in FY2016 to approximately 14% in FY2017. This was mainly due to the increase in average cost of sales by approximately 9% resulted from the higher raw material prices.

### MELAMINE

Gross profit margin for melamine was approximately 56% in FY2017. The Group's melamine products achieved a satisfactory margin in FY2017 mainly due to the cost competitive advantage of Xinjiang Plant V and advanced melamine production technology which has enhanced the quality of the products in order to gain price premium and export.

### 尿素

尿素的毛利率由二零一六財政年度的約19%增加至二零一七財政年度的約23%。這主要是由於受中國日益增加的環保壓力及行業整合導致供應收緊影響，尿素的平均售價增加約25%。該增加被平均銷售成本增加約19%所部分抵銷，而平均銷售成本增加乃由於煤炭平均採購價增加。

### 甲醇

甲醇的毛利率由二零一六財政年度的約15%增加至二零一七財政年度的約19%。這主要是由於甲醇平均售價較二零一六財政年度升高約33%，而平均銷售成本比二零一六財政年度增加約27%所致。

### 複合肥

複合肥的毛利率由二零一六財政年度的約17%減少至二零一七財政年度的約14%。此乃主要由於原材料成本增加導致的平均銷售成本增加約9%。

### 三聚氰胺

二零一七財政年度三聚氰胺的毛利率約為56%。本集團的三聚氰胺產品於二零一七財政年度錄得可觀利潤，乃主要由於新疆第五廠具成本競爭優勢及先進的三聚氰胺生產技術提高產品質量，從而獲得價格溢價及出口。

# Management Discussion and Analysis

## 管理層討論與分析

### FURFURYL ALCOHOL

Gross profit margin for furfuryl alcohol increased from approximately 8% in FY2016 to approximately 9% in FY2017. This was mainly due to the increase in average selling price of furfuryl alcohol by approximately 109% as highly polluting production enterprises were shut down given the growing pressure on environmental protection in China. The increase in average selling price of furfuryl alcohol was partially offset by the increase in average cost of sales by approximately 105% as compared to FY2016.

### OTHER INCOME AND GAINS

Other income and gains increased by approximately RMB18 million from approximately RMB70 million in FY2016 to approximately RMB88 million in FY2017. Such increase was mainly due to the increase in net income on sale of by-products, exchange gains, net gain on disposal of items of property, plant and equipment and subsidy income by approximately RMB18 million, RMB7 million, RMB3 million and RMB2 million respectively. The increase was partially offset by the decrease in bank interest for deposits of approximately RMB5 million.

### SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by approximately RMB48 million from approximately RMB435 million in FY2016 to approximately RMB483 million in FY2017. Such increase was mainly due to the increase in transportation charges and salaries of approximately RMB50 million and RMB16 million respectively. The increase in selling and distribution expenses was mainly due to the rapid expansion of the Group's sales networks and the growth of sales volumes of compound fertiliser resulted from its enhanced capacity in FY2017. The increase was partially offset by the decrease in advertisement expenses by approximately RMB20 million.

### 糠醇

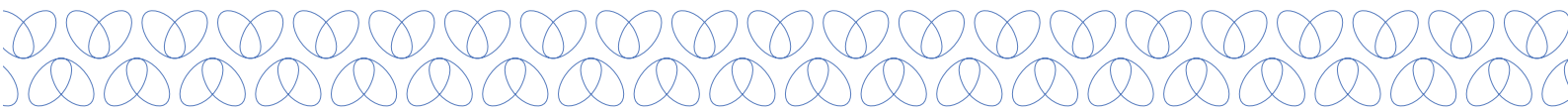
糠醇的毛利率由二零一六財政年度的約8%增加至二零一七財政年度的約9%。此乃主要由於糠醇的平均售價增加約109%所致，平均售價增加乃由於中國日益增加的環保壓力導致高污染生產企業關停。糠醇的平均售價增加被平均銷售成本較二零一六財政年度增加約105%所部分抵銷。

### 其他收入及收益

其他收入及收益由二零一六財政年度的約人民幣70,000,000元增加約人民幣18,000,000元至二零一七財政年度的約人民幣88,000,000元。此項增加主要由於銷售副產品收入淨額、匯兌收益、出售物業、廠房及設備項目收益淨額及補助收入分別增加約人民幣18,000,000元、人民幣7,000,000元、人民幣3,000,000元及人民幣2,000,000元所致。增加被存款之銀行利息收入減少約人民幣5,000,000元所部分抵銷。

### 銷售及分銷開支

銷售及分銷開支由二零一六財政年度的約人民幣435,000,000元增加約人民幣48,000,000元至二零一七財政年度的約人民幣483,000,000元。此項增加主要由於運輸費及薪金分別增加約人民幣50,000,000元及人民幣16,000,000元。銷售及分銷開支增加主要由於本集團銷售網絡快速擴張，以及二零一七財政年度複合肥產能擴大導致銷量上升。此項增加被廣告開支減少約人民幣20,000,000元所部分抵銷。



## GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased by approximately RMB97 million from approximately RMB319 million in FY2016 to approximately RMB416 million in FY2017. Such increase was mainly due to the increase in salaries and director remuneration, transaction fee, research and laboratory expenses, depreciation and amortisation costs and environmental expenses of approximately RMB64 million, RMB9 million, RMB9 million, RMB6 million and RMB5 million respectively. The increase was partially offset by the decrease in land use right tax by approximately RMB1 million.

## OTHER EXPENSES

Other expenses decreased by approximately RMB28 million from approximately RMB33 million in FY2016 to approximately RMB6 million in FY2017. Such decrease was mainly due to the decrease in exchange losses and loss on disposal of items of property, plant and equipment by approximately RMB28 million and RMB2 million respectively. The decrease was partially offset by the increase in impairment loss by approximately RMB3 million.

## FINANCE COSTS

Finance costs increased by approximately RMB20 million from approximately RMB266 million in FY2016 to approximately RMB286 million in FY2017 mainly due to the increase in amount of interest-bearing borrowings and loans.

## INCOME TAX EXPENSE

Income tax expense increased by approximately RMB50 million from approximately RMB11 million in FY2016 to approximately RMB61 million in FY2017 due to higher taxable profits generated by the Group.

## 一般及行政開支

一般及行政開支由二零一六財政年度的約人民幣319,000,000元增加約人民幣97,000,000元至二零一七財政年度的約人民幣416,000,000元。此項增加主要由於薪金及董事薪酬、交易費、研發及實驗室開支、折舊及攤銷成本以及環境開支分別增加約人民幣64,000,000元、人民幣9,000,000元、人民幣9,000,000元、人民幣6,000,000元及人民幣5,000,000元。此項增加被土地使用權稅減少約人民幣1,000,000元所部分抵銷。

## 其他開支

其他開支由二零一六財政年度的約人民幣33,000,000元減少約人民幣28,000,000元至二零一七財政年度的約人民幣6,000,000元。此項減少乃主要由於匯兌虧損及出售物業、廠房及設備項目虧損分別減少約人民幣28,000,000元及人民幣2,000,000元。此項減少被減值虧損增加約人民幣3,000,000元所部分抵銷。

## 財務成本

財務成本由二零一六財政年度的約人民幣266,000,000元增加約人民幣20,000,000元至二零一七財政年度的約人民幣286,000,000元，主要由於計息借款及貸款增加所致。

## 所得稅開支

所得稅開支由二零一六財政年度的約人民幣11,000,000元增加約人民幣50,000,000元至二零一七財政年度的約人民幣61,000,000元，乃由於本集團產生的應課稅溢利增加。

# Management Discussion and Analysis

## 管理層討論與分析

### PROFIT FOR THE YEAR

The profit for the year increased by approximately RMB395 million or 1,359% from approximately RMB29 million in FY2016 to approximately RMB424 million in FY2017. This was mainly due to the increase in gross profit and other income and gains of approximately RMB563 million and RMB18 million respectively and decrease in other expenses by approximately RMB28 million. The increase was partially offset by the increase in selling and distribution expenses, general and administrative expenses, finance costs and income tax expenses by approximately RMB48 million, RMB97 million, RMB20 million and RMB50 million respectively.

### 年內溢利

年內溢利由二零一六財政年度的約人民幣29,000,000元增加約人民幣395,000,000元或約1,359%至二零一七財政年度的約人民幣424,000,000元。此乃主要由於毛利和其他收入及收益分別增加約人民幣563,000,000元及人民幣18,000,000元以及其他開支減少約人民幣28,000,000元所致。此項增加被銷售及分銷開支、一般及行政開支、財務成本及所得稅開支分別增加約人民幣48,000,000元、人民幣97,000,000元、人民幣20,000,000元及人民幣50,000,000元所部分抵銷。

## (II) FINANCIAL REVIEW

### GEARING

The Group monitors capital using a gearing ratio, which is net debt divided by the aggregate of total capital and net debt. The Group's policy is to keep the gearing ratio below 90%.

## (II) 財務狀況回顧

### 資產負債

本集團使用資產負債比率(負債淨額除以總資本加負債淨額總和)來監控資本。本集團的政策是將資產負債比率維持在90%以下。

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade payables	貿易應付款項	246,701	185,577
Bills payable	應付票據	423,915	655,020
Accruals and other payables	應計費用及其他應付款項	1,630,306	1,422,739
Due to related companies	應付關連公司款項	45	4,391
Loan from a non-controlling interest	非控股權益之貸款	75,250	100,000
Interest-bearing bank and other borrowings	計息銀行及其他借款	4,611,127	4,357,542
Bonds payable	應付債券	1,100,000	800,000
Less: Cash and cash equivalents	減：現金及現金等價物	(341,270)	(512,806)
Less: Pledged deposits	減：已抵押存款	(181,077)	(226,349)
Net debt	負債淨額	7,564,997	6,786,114
Equity attributable to owners of the parent	母公司擁有人應佔權益	3,366,675	3,035,787
Less: Statutory reserve fund	減：法定儲備金	(327,793)	(285,412)
Total capital	總資本	3,038,882	2,750,375
Capital and net debt	資本和負債淨額	10,603,879	9,536,489
Gearing ratio	資本負債比率	71.34%	71.16%



Net debt includes interest-bearing bank and other borrowings, short-term and long-term bonds payable, trade and bills payables, amounts due to related companies, accruals and other payables, less cash and cash equivalents and pledged deposits. Capital includes equity attributable to owners of the parent less the above-mentioned restricted statutory reserve fund.

負債淨額包括計息銀行及其他借款、應付短期及長期債券、貿易應付款項及應付票據、應付關連公司款項、應計費用及其他應付款項，減現金及現金等價物以及已抵押存款。資本包括母公司擁有人應佔權益減上述受限制法定儲備金。

## LOANS

## 貸款

### AMOUNTS PAYABLE IN ONE YEAR OR LESS, OR ON DEMAND

### 於一年內應付或按要求償還的款項

		As at 31 December 2017 於二零一七年十二月三十一日		As at 31 December 2016 於二零一六年十二月三十一日	
		Secured 有抵押 RMB'000 人民幣千元	Unsecured 無抵押 RMB'000 人民幣千元	Secured 有抵押 RMB'000 人民幣千元	Unsecured 無抵押 RMB'000 人民幣千元
Bank loans	銀行貸款	-	1,646,112	261,150	495,006
RMB bond	人民幣債券	-	600,000	-	200,000
		-	2,246,112	261,150	695,006

### AMOUNTS PAYABLE AFTER ONE YEAR

### 於一年後應付的款項

		As at 31 December 2017 於二零一七年十二月三十一日		As at 31 December 2016 於二零一六年十二月三十一日	
		Secured 有抵押 RMB'000 人民幣千元	Unsecured 無抵押 RMB'000 人民幣千元	Secured 有抵押 RMB'000 人民幣千元	Unsecured 無抵押 RMB'000 人民幣千元
Bank loans	銀行貸款	176,000	2,786,288	176,000	3,421,750
Loan from government	政府貸款	-	2,727	-	3,636
RMB bond	人民幣債券	-	500,000	-	600,000
		176,000	3,289,015	176,000	4,025,386

## DETAILS OF COLLATERAL

As at 31 December 2017, there was no short-term loan secured by pledged deposits (2016: RMB259 million).

## 抵押品詳情

於二零一七年十二月三十一日，並無短期貸款由已抵押存款作抵押(二零一六年：人民幣259,000,000元)。

# Management Discussion and Analysis

## 管理層討論與分析

### (III) PROSPECTS

In 2017, although the domestic selling price of corn remained at a low level and the agricultural demand for urea was declining, the average price of urea still increased by 25% compared to 2016. This is mainly due to the increasingly harsh environmental protection policies in the PRC and the supply side reform with respect to coal enterprise, leading small-scale and high-cost enterprises to close down in an accelerated manner, hence resulting in the consolidation of the domestic urea industry. The Company expects that the domestic environmental pressure will remain in 2018, and the overall utilisation rate in the urea industry will maintain at a low level; meanwhile, as the domestic selling price of corn becomes stabilised, it may be less likely that the agricultural demand for urea will further decrease, which to a certain extent, can support the domestic selling price of urea in 2018.

The Company will continue to uphold its differentiation production strategy, in order to continue to increase the sales proportion of high-efficiency fertiliser, further enhancing the profitability and market competitiveness of chemical fertiliser products. Besides, the Company has gradually increased the flexibility of its production lines following the commencement of operation of the new projects for melamine, dimethyl ether and methanol etc., being capable to adjust the production structure in accordance with the profitability of chemical fertiliser and chemical products, with an aim to decrease the cyclical effects and increase the Group's profitability and ability to withstand risks.

### (IV) PROPOSED FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB8.49 cents per ordinary share for the year ended 31 December 2017 (the "Proposed Final Dividend") (2016: RMB4.00 cents per ordinary share) to the Shareholders whose names appear on the register of members of the Company on 8 June 2018. The Proposed Final Dividend is subject to the approval of the Shareholders at the forthcoming AGM. The final dividend, if approved, is expected to be paid on 26 June 2018.

### (III) 前景

二零一七年，雖然國內玉米價格維持低位及尿素農業需求下滑，但相對於二零一六年，尿素平均價格仍升高25%。主要原因是隨著中國環保政策日趨嚴苛和煤炭企業供給側改革，導致規模小和成本高的企業加速關停，從而促使國內尿素行業整合。本公司預計二零一八年國內環保壓力會繼續存在，尿素行業整體開工率仍將維持低位；同時隨著國內玉米價格企穩，尿素農業需求量進一步下滑的可能性不大，對二零一八年國內尿素價格有一定支撐。

本公司將繼續實施差異化產品策略，以繼續提高高效肥銷售佔比，進一步提升化肥產品的盈利能力和市場競爭力。另外，隨著本公司的三聚氰胺、二甲醚及甲醇等新項目的陸續投產，本公司逐步提升了生產線的柔性調節能力，可以根據化肥和化工產品之間的盈利能力靈活調整產品結構，減少週期性對本公司的影響，提升本集團的盈利能力和抗風險能力。

### (IV) 建議末期股息

董事會建議向於二零一八年六月八日名列本公司股東名冊之股東就截至二零一七年十二月三十一日止年度派付末期股息每股普通股人民幣8.49分（「建議末期股息」）（二零一六年：每股普通股人民幣4.00分）。建議末期股息須待股東於應屆股東週年大會上批准後，方可作實。預期末期股息（倘批准）將於二零一八年六月二十六日派付。

The translation of RMB into HKD for the purpose of dividend payment in HKD is made at the rate of approximately RMB1.00 = HKD1.2247, which is the official exchange rate of HKD against RMB as quoted on 16 March 2018 by The Hongkong and Shanghai Banking Corporation Limited. Therefore, based on the above translation of the exchange rate, the dividend to be paid in HKD will be HKD0.103 per ordinary share.

## (V) CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to the Proposed Final Dividend, the register of members of the Company will be closed from 6 June 2018 to 8 June 2018 (both days inclusive), during which period no transfer of shares will be registered. In order to be qualified for the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all completed transfer forms accompanied by the relevant share certificates are lodged with the Company's Hong Kong Share Transfer Agent and Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 5 June 2018.

## (VI) SUPPLEMENTARY INFORMATION

### 1. RECONCILIATION BETWEEN SINGAPORE FINANCIAL REPORTING STANDARDS ("SFRSs") AND INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

For the year ended 31 December 2017, there were no material differences between the consolidated financial statements of the Group prepared under SFRSs and IFRSs (which include all IFRSs, IASs and Interpretations).

### 2. OPERATIONAL AND FINANCIAL RISKS

#### (I) MARKET RISK

The major market risks of the Group include changes in the average selling prices of key products, changes in the costs of raw materials (mainly coal) and fluctuations in interest and exchange rates.

就以港元派付股息而言，人民幣乃按約人民幣1.00元兌1.2247港元的匯率換算為港元，該匯率為香港上海滙豐銀行有限公司於二零一八年三月十六日所報的港元兌人民幣官方匯率。因此，基於上述匯率換算，將以港元派付的股息為每股普通股0.103港元。

## (V) 暫停辦理股份過戶登記手續

為釐定收取建議末期股息之資格，本公司將由二零一八年六月六日至二零一八年六月八日（首尾兩天包括在內）暫停辦理股東登記，期間亦將不會辦理股份過戶登記手續。為符合資格收取建議末期股息，本公司之未登記股份持有人應確保所有填妥之股份過戶表格連同有關股票，最遲須於二零一八年六月五日下午四時三十分前送交本公司的香港股份過戶登記分處卓佳證券登記有限公司，地址為香港皇后大道東183號合和中心22樓。

## (VI) 補充資料

### 1. 新加坡財務報告準則（「新加坡財務報告準則」）與國際財務報告準則（「國際財務報告準則」）的對賬

截至二零一七年十二月三十一日止年度，本集團根據新加坡財務報告準則及國際財務報告準則（包括所有國際財務報告準則、國際會計準則及詮釋）編製的綜合財務報表並無重大差異。

### 2. 營運及財務風險

#### (I) 市場風險

本集團的主要市場風險包括主要產品平均售價變動、原材料（主要為煤）的成本變動及利率和匯率的波動。

# Management Discussion and Analysis

## 管理層討論與分析

### (II) COMMODITY PRICE RISK

The Group is also exposed to commodity price risk arising from fluctuations in the selling prices of products and costs of raw materials.

### (III) INTEREST RATE RISK

The major market interest rate risk that the Group is exposed to includes the Group's long-term debt obligations which are subject to floating interest rates.

### (IV) FOREIGN EXCHANGE RISK

The Group's revenue and costs are primarily denominated in RMB. Some costs may be denominated in HKD, United States Dollars or S\$.

### (V) INFLATION AND CURRENCY RISK

According to the data released by the National Bureau of Statistics of China, the consumer price index of the PRC increased by approximately 1.6% for the year ended 31 December 2017 as compared with an increase of approximately 2.0% in 2016. Such inflation in the PRC did not have a significant effect on the Group's operating results.

### (II) 商品價格風險

本集團亦面臨因產品售價及原材料成本波動而產生的商品價格風險。

### (III) 利率風險

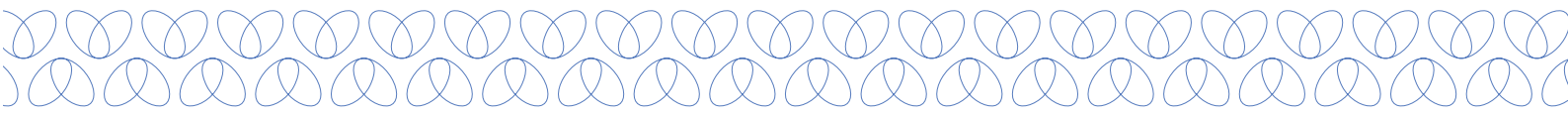
本集團承擔的主要市場利率風險包括本集團受浮動利率影響的長期債務承擔。

### (IV) 外匯風險

本集團的收入及成本主要以人民幣計值。部分成本可能以港元、美元或新加坡元計值。

### (V) 通脹及貨幣風險

根據中國國家數據統計局公佈的數據，中國的消費者物價指數於截至二零一七年十二月三十一日止年度上漲約1.6%，而二零一六年則上漲約2.0%。中國的通脹對本集團的經營業績並無重大影響。



#### (VI) LIQUIDITY RISK

The Group monitors its risk exposure to shortage of funds. The Group regularly reviews the maturity of both its financial investments and financial assets (e.g., trade receivables and other financial assets) and the projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. As at 31 December 2017, approximately RMB2,246 million (31 December 2016: RMB956 million), or approximately 39.3% (31 December 2016: 18.5%) of the Group's debts will mature in less than one year based on the carrying value of the borrowings reflected in the financial statements.

#### (VI) 流動資金風險

本集團監控其資金短缺的風險。本集團定期檢討其財務投資及金融資產(例如貿易應收款項及其他金融資產)的到期情況及經營業務的預測現金流量。本集團的目標是通過使用銀行透支及銀行貸款，維持資金持續及靈活性之間的平衡。於二零一七年十二月三十一日，根據於財務報表內所反映的借款的賬面值，本集團債務中約人民幣2,246,000,000元(二零一六年十二月三十一日：人民幣956,000,000元)或約39.3%(二零一六年十二月三十一日：18.5%)將於一年內到期。

# Management Discussion and Analysis

## 管理層討論與分析

### (VII) GEARING RISK

The Group monitors its capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may raise new debt or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 2016. The gearing ratio of the Group (calculated as net debt divided by the aggregate of total capital and net debt) increased from approximately 71.16% as at 31 December 2016 to approximately 71.34% as at 31 December 2017.

### (VII) 資產負債風險

本集團監控其資本比率，以支持其業務及最大化股東價值。本集團根據經濟狀況變動管理資本結構以及就此作出調整。本集團可以透過籌集新債或發行新股以保持或調整資本結構。於截至二零一七年及二零一六年十二月三十一日止年度，管理資本的目標、政策或流程概無任何變動。於二零一七年十二月三十一日，本集團資產負債比率(負債淨額除以總資本加負債淨額總和)自二零一六年十二月三十一日的約71.16%增加至約71.34%。

### 3. CONTINGENT LIABILITIES

As at 31 December 2017, the Group had no material contingent liabilities (2016: Nil).

### 3. 或然負債

於二零一七年十二月三十一日，本集團並無任何重大或然負債(二零一六年：無)。

### 4. MATERIAL LITIGATION AND ARBITRATION

As at 31 December 2017, the Group was not involved in any litigation or arbitration.

### 4. 重大訴訟及仲裁

於二零一七年十二月三十一日，本集團並未牽涉任何訴訟或仲裁。

### 5. EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, there were 6,119 (2016: 6,542) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

### 5. 僱員及薪酬政策

於二零一七年十二月三十一日，本集團有6,119名(二零一六年：6,542名)僱員。員工薪酬待遇乃經考慮市況及有關個人的表現後釐定，並可不時予以檢討。本集團亦提供其他員工福利，包括醫療保險及壽險，並根據合資格員工的表現及對本集團的貢獻，授出酌情獎勵花紅。

# Directors, Senior Management and Company Secretaries

董事、高級管理層及公司秘書

## BOARD

### EXECUTIVE DIRECTORS

#### MR. LIU XINGXU CHAIRMAN OF THE BOARD

Aged 63, is principally in charge of overall strategic planning and business development of the Group. Mr. Liu was appointed as an executive Director on 26 July 2006. He is also a member of the NC. Mr. Liu has over 20 years of experience in the chemical fertiliser industry. He is currently the expert consultant of the Advisory Committee of China Nitrogen Fertiliser Industry Association. Mr. Liu was appointed the factory head of Xinxiang Fertiliser Factory, a state-owned enterprise, in charge of factory operations in 1994 and then became the chairman and the general manager of XLX Chem from July 2003 to July 2006. He was the general manager of Henan XLX from July 2006 to April 2016, and has also been the chairman of Henan XLX since July 2006. In February 2003, Mr. Liu was awarded the "Provincial Safe Production Advanced Worker" by Safe Production Committee of Henan Province and Personnel Bureau of Henan Province for his outstanding performance in safety work. In April 2004, he was awarded the "Henan Province Labour Model (Advanced Worker)" and in 2005, he was awarded the Henan Province Outstanding Private Enterprise Entrepreneur" by the People's Government of Henan Province. He was also the winner of "National Labour Day Medal" in 2009 issued by All China Federation of Trade Unions, and was awarded the "China Petroleum & Chemical Outstanding Private Enterprises Entrepreneurs Innovation Award" in May 2014. He was awarded the "Henan Economic Celebrity of the year 2014" and "Model Worker of China" in 2015, and also the "Most Excellent Citizen in Xinxiang" in 2017. Mr. Liu graduated from Xinxiang Broadcasting and Television University in July 1986 with a Diploma in Arts. In 2006, he completed EDP (Executive Development Program) from Guanghua School of Management, Peking University. In 2010, Mr. Liu was awarded the qualification of "Senior Economist" by the People's Government of Henan Province and the EMBA degree from Tsinghua University. Mr. Liu is the controlling shareholder and a director of Pioneer Top Holdings Limited, a substantial Shareholder.

## 董事會

### 執行董事

#### 劉興旭先生 董事會主席

63歲，主要負責本集團的整體戰略規劃及業務發展。劉先生於二零零六年七月二十六日出任執行董事，彼亦為提名委員會成員。劉先生於化肥業擁有逾20年經驗，目前是中國氮肥工業協會顧問委員會專家顧問。劉先生於一九九四年獲委任為國有企業新鄉化肥總廠廠長，負責工廠營運，及後於二零零三年七月至二零零六年七月成為心連心化工董事長及總經理。彼於二零零六年七月至二零一六年四月出任河南心連心總經理，並自二零零六年七月起出任河南心連心董事長。於二零零三年二月，劉先生獲河南省安全生產監督委員會及河南省人事局頒授「全省安全生產先進工作者」的殊榮，以表揚其於安全工作方面的傑出表現。彼獲河南省人民政府於二零零四年四月頒授「河南省勞動模範（先進工作者）」的殊榮及於二零零五年頒授「河南省優秀民營企業家」的殊榮，並於二零零九年被中華全國總工會授予「全國五一勞動獎章」殊榮及於二零一四年五月被授予「中國石油和化工優秀民營企業家創新成就獎」殊榮。彼於二零一五年獲「二零一四年度河南經濟年度人物」及「全國勞動模範」稱號，亦於二零一七年獲「最美新鄉人」榮譽稱號。劉先生於一九八六年七月畢業於新鄉廣播電視大學文學系，於二零零六年完成北京大學光華管理學院高級管理人員培訓課程，於二零一零年獲河南省人民政府頒發「高級經濟師」殊榮，並獲得清華大學高級管理人員工商管理碩士學位。劉先生為主要股東 Pioneer Top Holdings Limited 的控股股東及董事。

## Directors, Senior Management and Company Secretaries

### 董事、高級管理層及公司秘書

#### MR. ZHANG QINGJIN CHIEF EXECUTIVE OFFICER

Aged 51, is principally in charge of overall management and day-to-day business operations of the Group. Mr. Zhang was appointed as an executive Director on 27 March 2015. Mr. Zhang was the deputy general manager of Henan XLX from November 2006 to July 2011, and was the executive deputy general manager of Henan XLX from July 2011 to April 2016, and then he has become the general manager of Henan XLX since April 2016. He has over 20 years of experience in the chemical fertiliser industry. He is currently the vice chairman of China Nitrogen Fertiliser Industry Association. Mr. Zhang joined Xinxiang Fertiliser Factory in July 1987 and held various positions, including unit head of equipment and facility department, unit head of production and technical department, section head of equipment and facility upgrade and department head of technical upgrade in Xinxiang Fertiliser Factory. Mr. Zhang was appointed as the manager of the technical centre of XLX Chem from August 2003 to July 2006. He was also the manager of the technical centre of Henan XLX from July 2006 to November 2006. Mr. Zhang graduated from Zhengzhou Engineering College (currently known as "Zhengzhou University") in July 1987 with a diploma in chemical equipment, and obtained the EMBA degree from Tsinghua University in 2009.

#### MS. YAN YUNHUA CHIEF FINANCIAL OFFICER

Aged 47, is principally in charge of all financial matters within the Group. Ms. Yan was appointed as an executive Director on 10 November 2006. Ms. Yan obtained the "Accountant" certification from the Ministry of Finance of the PRC in May 1997. She graduated from Xi'an Jiaotong University in July 2003 with a degree in accountancy and obtained the "Senior Accountant" certification from Henan Province Accountant Series Senior Assessment Committee in December 2005. Ms. Yan obtained the EMBA (Executive Master of Business Administration) degree from Guanghua School of Management, Peking University in July 2009. Ms. Yan has 20 years of accounting and finance experience. Ms. Yan is currently the executive chairman of the Finance Research Committee of China Nitrogen Fertiliser Industry Association and the vice chairman of Henan Provincial Association of CFO. She joined Xinxiang Fertiliser Factory in December 1997 and held various positions in Xinxiang Fertiliser Factory, including the deputy head of finance division and the deputy chief accountant. She was also the chief accountant in charge of finance of XLX Chem from 2003 to July 2006. She was the deputy general manager of Henan XLX from July 2006 to April 2016, and has become the vice chairman of Henan XLX since April 2016. Ms. Yan was awarded the "Accountants Contribution Award" in the PRC in 2008, "Advanced Worker in Accounting of Henan Province" in 2009, and "Labour Day Medal of Henan Province" in 2015. Ms. Yan is the controlling shareholder and a director of Go Power Investments Limited, a substantial Shareholder.

#### 張慶金先生 首席執行官

51歲，主要負責本集團整體管理及日常業務經營。張先生於二零一五年三月二十七日獲委任為執行董事。張先生於二零零六年十一月至二零一一年七月出任河南心連心副總經理，於二零一一年七月至二零一六年四月出任河南心連心常務副總經理，並自二零一六年四月起成為河南心連心總經理。彼於化肥業擁有逾20年經驗，目前為中國氮肥工業協會副理事長。張先生於一九八七年七月加盟新鄉化肥總廠並曾任多個職位，包括設備科科長、生產技術科科長、技改辦設備組組長及新鄉化肥總廠技改部門主管等。張先生於二零零三年八月至二零零六年七月獲委任為心連心化工技術中心經理。彼亦於二零零六年七月至二零零六年十一月出任河南心連心技術中心經理。張先生於一九八七年七月畢業於鄭州工學院（現稱鄭州大學），獲得化學設備文憑，並於二零零九年獲得清華大學高級管理人員工商管理碩士學位。

#### 閻蘊華女士 首席財務官

47歲，主要負責本集團內所有財務事宜。閻女士於二零零六年十一月十日獲委任為執行董事。閻女士於一九九七年五月獲中國財政部頒授「會計師資格認證」證書。彼於二零零三年七月畢業於西安交通大學，取得會計學士學位，並於二零零五年十二月獲河南省會計系列高評會頒授「高級會計師資格認證」證書。閻女士於二零零九年七月獲北京大學光華管理學院頒授高級管理人員工商管理碩士學位，擁有20年會計及財務經驗，目前擔任中國氮肥工業協會財務研究會執行主席及河南省總會計師協會副會長等職務。彼於一九九七年十二月加盟新鄉化肥總廠，曾擔任多個職位，包括財務科副科長及副總會計師，亦於二零零三年至二零零六年七月出任心連心化工總會計師，負責財務事宜。彼於二零零六年七月至二零一六年四月出任河南心連心副總經理，並自二零一六年四月起成為河南心連心副董事長。閻女士於二零零八年榮獲「中國總會計師貢獻獎」，二零零九年被評為「河南省先進會計工作者」，及二零一五年獲「河南省五一勞動獎章」殊榮。閻女士為主要股東Go Power Investments Limited的控股股東及董事。



## NON-EXECUTIVE DIRECTOR

### MR. LIAN JIE

Aged 43, has been appointed as a non-executive Director since 21 December 2011. Mr. Lian has been appointed as an independent non-executive director of Bosideng International Holdings Limited and Stella International Holdings Limited since 10 July 2013 and 1 February 2017, both companies are listed on the SEHK; and has been appointed as the president and deputy general manager of Perfect World Co., Ltd. (a company listed on the Shenzhen Stock Exchange) since 25 August and 22 September 2016. He was also an independent director of Bona Film Group Limited (delisted from NASDAQ Stock Market with effect from 8 April 2016). He resigned as a partner of Primavera Capital Group (a private equity fund which focuses on China) on 22 September 2016, and has served as a senior advisor to Primavera Capital Group with effect from the same date. From 2009 to 2010, Mr. Lian served as a managing director of Hong Kong Investment Banking, China International Capital Corporation Limited, before which he held various positions in The Goldman Sachs Group, Inc., including as a managing director of Hong Kong Investment Banking Division during 2001 to 2009. Mr. Lian owns a Master of Business Administration degree of Tuck School of Business at Dartmouth College. Nitro Capital Limited (a holder of the RMB denominated bonds due in 2018 issued by the Company) is wholly owned by Primavera Capital (Cayman) Fund I L.P., which in turn is within Primavera Capital Group.

## 非執行董事

### 廉潔先生

43歲，自二零一一年十二月二十一日起獲委任為非執行董事。廉先生自二零一三年七月十日及二零一七年二月一日起獲委任為波司登國際控股有限公司及九興控股有限公司的獨立非執行董事，該兩家公司均於聯交所上市；以及自二零一六年八月二十五日及九月二十二日起獲委任為完美世界股份有限公司（一家於深圳證券交易所上市的公司）的總裁及常務副總經理。彼亦曾為博納影業集團有限公司（二零一六年四月八日於納斯達克股票市場退市）的獨立董事。彼於二零一六年九月二十二日辭任春華資本集團（一家專注於中國的私募股權基金）合夥人，並自同日起擔任春華資本集團高級顧問。廉先生於二零零九年至二零一零年曾為中國國際金融有限公司香港投資銀行部董事總經理。在此之前，彼曾於高盛集團有限公司擔任多個職務，包括於二零零一年至二零零九年期間擔任香港投資銀行部董事總經理。廉先生擁有達特茅斯學院塔克商學院的工商管理碩士學位。Nitro Capital Limited（為本公司發行之於二零一八年到期之人民幣債券之持有人）由春華資本集團（開曼）一號基金全資擁有，而春華資本集團（開曼）一號基金則屬春華資本集團旗下公司。

## Directors, Senior Management and Company Secretaries

### 董事、高級管理層及公司秘書

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

##### MR. ONG KIAN GUAN

Aged 50, has been appointed as an independent non-executive Director since 11 May 2007. He is also the chairman of the AC and a member of both the RC and the NC. He is a practising member and a fellow of the Institute of Singapore Chartered Accountants, and also a partner of Baker Tilly TFW LLP. He has more than 20 years of professional experience in financial audits of multinational corporations and public listed companies from diverse industries. He is currently the independent director of Alliance Mineral Assets Limited and Serrano Limited (both companies are listed on the SGX-ST), and also the lead independent director of Weiye Holdings Limited (a company listed on both the SGX-ST and the Main Board of SEHK). In addition, he has been appointed as the independent non-executive director of RMH Holdings Limited and IAG Holdings Limited (both companies are listed on the GEM of SEHK) since 22 September 2017 and 19 December 2017 respectively. He graduated from the Nanyang Technological University in Singapore with a Bachelor of Accountancy degree in May 1992.

##### MR. LI SHENGXIAO

Aged 55, has been appointed as an independent non-executive Director since 11 May 2007. He is also the chairman of the NC and a member of both the AC and the RC. Mr. Li has been a professor in Shaoxing University since 2004, and is currently the Head of Regional Development Research Centre in Shaoxing University. He has been the instructor of establishment of small and medium enterprises in Zhejiang Province, Small and Medium Enterprises Bureau in Zhejiang Province since 2006. Mr. Li has been appointed as an independent director of Bank of Shaoxing Co., Ltd. since November 2013. Mr. Li is also an independent director of Anhui Jiangnan Chemical Industry Co, Ltd. (a company listed on the Shenzhen Stock Exchange) and Zhejiang China Light & Textile Industrial City Group Co., Ltd (a company listed on the Shanghai Stock Exchange). Mr. Li graduated from Hangzhou University (currently known as "Zhejiang University") in July 1987 with a graduation certificate in politics. He then obtained a master's degree in law from Hangzhou University in July 1990. He was awarded the "high school outstanding youth teacher of Zhejiang Province" in September 1991.

#### 獨立非執行董事

##### 王建源先生

50歲，自二零零七年五月十一日起獲委任為獨立非執行董事。彼亦為審核委員會主席以及薪酬委員會和提名委員會的成員。彼為新加坡特許會計師協會執業會計師及資深會員，並為Baker Tilly TFW LLP的合夥人。彼在從事不同行業的跨國公司及公眾上市公司的財務審核有逾20年的專業經驗。彼現為Alliance Mineral Assets Limited及Serrano Limited的獨立董事（該兩家公司均於新交所上市），亦為偉業控股有限公司（一家於新交所及聯交所主板上市的公司）的首席獨立董事。同時，彼分別自二零一七年九月二十二日及二零一七年十二月十九日起擔任德斯控股有限公司及迎宏控股有限公司的獨立非執行董事（該兩家公司均於聯交所GEM上市）。彼於一九九二年五月畢業於新加坡南洋理工大學，取得會計學學士學位。

##### 李生校先生

55歲，自二零零七年五月十一日起獲委任為獨立非執行董事。彼亦為提名委員會主席以及審核委員會和薪酬委員會的成員。李先生自二零零四年起出任紹興文理學院教授，及目前為紹興文理學院區域發展研究中心主任。彼自二零零六年起出任浙江省中小企業局浙江省中小企業創業指導師。李先生自二零一三年十一月起擔任紹興銀行股份有限公司的獨立董事。李先生亦為安徽江南化工股份有限公司（一家於深圳證券交易所上市的公司）和浙江中國輕紡城集團股份有限公司（一家於上海證券交易所上市的公司）的獨立董事。李先生於一九八七年七月畢業於杭州大學（現稱浙江大學）政治專業。彼其後於一九九零年七月取得杭州大學法學碩士學位。彼於一九九一年九月獲頒授「浙江省高校傑出青年教師」的殊榮。

## MR. ONG WEI JIN

Aged 51, has been appointed as an independent non-executive Director since 11 May 2007. He is also the chairman of the RC and a member of both the AC and the NC. He is a partner in Harry Elias Partnership LLP (a Singapore law firm). He is currently an independent director of Luzhou Bio-chem Technology Limited and CFM Holdings Limited, and also a non-executive director of Camsing Healthcare Limited (formerly known as Jacks International Limited), all these companies are listed on the SGX-ST. He obtained a Bachelor of Laws degree from the National University of Singapore in 1990, a Master of Business Administration degree from University of Hull in 1993, and a Master of Laws degree from the National University of Singapore in 1995.

## SENIOR MANAGEMENT

### MR. LI YUSHUN

Aged 57, is the deputy general manager in charge of the research and development department of Henan XLX since 31 July 2006. Mr. Li has more than 30 years of experience in the chemical fertiliser industry. He joined Xinxiang Fertiliser Factory in August 1982 and was appointed as the deputy factory head of Xinxiang Fertiliser Factory in 1993. Mr. Li was the deputy general manager of XLX Chem from August 2003 to July 2006. Mr. Li graduated from Zhengzhou Engineering College (currently known as Zhengzhou University) in July 1982 with a major in chemical technology. In 2004, he was awarded "First in Third Prize for Adopting the Improved Water Solution Full Circulation Method Urea Technology to Expand Production and Reduce Wastage" by the People's Government of Xinxiang. In November 2006, he was awarded the "Second Prize in Integrated Treatment and Environmental Protection Project for Zero Discharge of Waste Water Produced in the Production of Nitrogen Fertiliser" by China Nitrogen Fertiliser Industry Association. He was recognised as a "Model Worker of Hehan Province" in April 2014.

## 王為仁先生

51歲，自二零零七年五月十一日起獲委任為獨立非執行董事。彼亦為薪酬委員會主席以及審核委員會和提名委員會的成員。彼為Harry Elias Partnership LLP（一家新加坡律師事務所）的合夥人。彼現為魯洲生物科技有限公司及CFM Holdings Limited的獨立董事，亦為Camsing Healthcare Limited（前稱Jacks International Limited）的非執行董事，該三家公司均於新交所上市。彼於一九九零年獲新加坡國立大學頒授法學士學位，於一九九三年獲University of Hull頒授工商管理碩士學位，並於一九九五年獲新加坡國立大學頒授法學碩士學位。

## 高級管理層

### 李玉順先生

57歲，自二零零六年七月三十一日起出任河南心連心副總經理，主管技術研發。李先生於化肥業擁有超過30年經驗。彼於一九八二年八月加盟新鄉化肥總廠，並於一九九三年獲委任為新鄉化肥總廠副廠長。李先生於二零零三年八月至二零零六年七月出任心連心化工副總經理。李先生於一九八二年七月畢業於鄭州工學院（現稱鄭州大學）化學工藝專業。於二零零四年，彼獲新鄉市人民政府頒授「採用改良水溶液全循環法尿素新工藝擴產降耗改造等級三等獎第一名」的殊榮。於二零零六年十一月，彼獲中國氮肥工業協會頒授「氮肥生產污水零排放總和治理環保工程二等獎」的殊榮。彼於二零一四年四月獲「河南省勞動模範」殊榮。

## Directors, Senior Management and Company Secretaries

### 董事、高級管理層及公司秘書

#### MR. WANG NAIREN

Aged 54, is the deputy general manager in charge of the sales and purchasing of Henan XLX since 31 July 2006. He has more than 20 years of experience in the chemical fertiliser industry. He held various positions in Xinxiang Fertiliser Factory, including the office head of nitrogen fertiliser plant and the deputy head and assistant to head of Xinxiang Fertiliser Factory from March 1993. Mr. Wang was the deputy general manager of sales and marketing department of XLX Chem from August 2003 to July 2006. Mr. Wang obtained a certificate of completion in master's course of business administration from Tianjin Institute of Finance and Economics (currently known as Tianjin University of Finance and Economics) in June 2002.

#### MR. ZHAO LIANZI

Aged 55, is the deputy general manager in charge of the strategy and logistics department of Henan XLX since February 2012. He has almost 20 years of experience in the chemical fertiliser industry. He held various positions in the Group, including the deputy head of Xinxiang Fertiliser Factory from February 1999 to August 2000. He was the general manager of 河南新新化肥股份有限公司 from August 2000 to December 2003, the general manager of 河南心連心化肥有限公司複合肥分公司 from December 2003 to July 2010, and the assistant to general manager of Henan XLX from July 2010 to February 2012. Mr. Zhao obtained a certificate of completion in master's course of business administration from Tianjin Institute of Finance and Economics (currently known as Tianjin University of Finance and Economics) in June 2002. In 2007, he completed EDP (Executive Development Program) from Guanghua School of Management, Peking University.

#### MR. WANG PINGBIAO

Aged 47, is the deputy general manager in charge of the production department of Henan XLX since 29 April 2016. Mr. Wang has more than 20 years of experience in the chemical fertiliser industry. He joined Xinxiang Fertiliser Factory in July 1992 and held various positions, including the deputy director of technical transformation of Xinxiang Fertiliser Factory and the deputy head of nitrogen fertiliser plant. He was the head of 河南心連心化肥有限公司二分公司 from January 2005 to September 2008, the head of 河南心連心化肥有限公司三分廠 from September 2008 to January 2010 and the head of 河南心連心化肥有限公司四分公司 since October 2010. Mr. Wang graduated from Zhengzhou Engineering College (currently known as Zhengzhou University) with a tertiary certificate in June 1992, and obtained a master degree in Executive Master of Business Administration from Tsinghua University in 2008.

#### 王乃仁先生

54歲，自二零零六年七月三十一日起出任河南心連心副總經理，主管供銷。彼於化肥業擁有超過20年經驗。彼曾於新鄉化肥總廠擔任多個職位，包括自一九九三年三月出任氮肥分廠辦公室主任，以及新鄉化肥總廠副廠長及廠長助理。王先生自二零零三年八月至二零零六年七月出任心連心化工營銷市場部副總經理。王先生於二零零二年六月獲得天津財經學院（現稱天津財經大學）頒授工商管理碩士課程畢業證書。

#### 趙連紫先生

55歲，自二零一二年二月起出任河南心連心副總經理，主管戰略與物流。彼於化肥行業有近20年經驗。彼在本集團先後擔任多個職務，包括於一九九九年二月至二零零零年八月出任新鄉化肥總廠副廠長。彼自二零零零年八月至二零零三年十二月出任河南新新化肥股份有限公司總經理，自二零零三年十二月至二零一零年七月出任河南心連心化肥有限公司複合肥分公司總經理，及自二零一零年七月至二零一二年二月出任河南心連心總經理助理。趙先生於二零零二年六月獲得天津財經學院（現稱天津財經大學）頒授工商管理碩士課程畢業證書，亦於二零零七年完成北京大學光華管理學院高級管理人員培訓課程。

#### 王平彪先生

47歲，自二零一六年四月二十九日起出任河南心連心副總經理，主管生產。王先生於化肥業擁有超過20年經驗。彼於一九九二年七月加盟新鄉化肥總廠，曾任多個職位，包括新鄉化肥總廠技改辦副科長及氮肥廠副廠長等。彼於二零零五年一月至二零零八年九月間曾出任河南心連心化肥有限公司二分公司廠長，二零零八年九月至二零一零年一月出任河南心連心化肥有限公司三分廠廠長，二零一零年十月起出任河南心連心化肥有限公司四分公司廠長。王先生於一九九二年六月畢業於鄭州工學院（現稱鄭州大學），獲得專業證書，並於二零零八年獲得清華大學高級管理人員工商管理碩士學位。

## JOINT COMPANY SECRETARIES

### MS. SO YEE KWAN

Aged 36, was appointed as a joint company secretary of the Company since 6 March 2018. Ms. So is a manager of Corporate Services of Tricor Services Limited (a global professional services provider specializing in integrated business, corporate and investor services). She has extensive experience in a diversified range of corporate services and has been providing professional secretarial services to many companies listed on the SEHK for the past 13 years. Ms. So is a Chartered Secretary and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. Ms. So received a Bachelor's degree in International Business Management from Oxford Brookes University in the United Kingdom and a Master of Arts in Professional Accounting and Information Systems from City University of Hong Kong.

### MS. CHEOK HUI YEE

Aged 32, was appointed as a joint company secretary of the Company since 6 March 2018. Ms. Cheok is a manager of Tricor Evatthouse Corporate Services, a division of Tricor Singapore Pte. Ltd. (a leading provider of integrated business, corporate and investor services in Singapore). She has over 9 years of experience in corporate secretarial practice in Singapore. Her area of exposure includes advisory and assistance in compliance matters of public and private limited companies in Singapore, foreign companies registered in Singapore as well as offshore incorporated companies. She is currently the appointed company secretary of several public companies listed on the SGX-ST. Ms. Cheok is a Practising Chartered Secretary and an Associate of The Chartered Secretaries Institute of Singapore. Ms. Cheok received a Bachelor's Degree (Honours) in Commerce from Liverpool John Moores University in the United Kingdom.

## 聯席公司秘書

### 蘇漪筠女士

36歲，自二零一八年三月六日起獲委任為本公司聯席公司秘書。蘇女士為卓佳專業商務有限公司(全球性的專業服務供應商，專門提供商業、企業及投資者綜合服務)企業服務經理。彼在多方面的企業服務範疇均擁有豐富經驗，並在過去13年一直為多家於聯交所上市的公司提供專業秘書服務。蘇女士為特許秘書，並為香港特許秘書公會以及英國特許秘書及行政人員公會的會員。蘇女士獲英國牛津布魯克斯大學的國際商業管理學士學位及香港城市大學專業會計與資訊系統的文學碩士學位。

### 石慧儀女士

32歲，自二零一八年三月六日起獲委任為本公司聯席公司秘書。石女士為Tricor Singapore Pte. Ltd.(新加坡領先的商業、企業及投資者綜合服務供應商)分部Tricor Evatthouse Corporate Services經理。彼具有逾9年新加坡公司秘書工作經驗，涉及的領域包括有關新加坡公眾及私人有限公司、於新加坡註冊的外國公司以及於境外註冊成立的公司合規事宜的顧問及協助。彼現任幾家於新交所上市的公眾公司的指定公司秘書。石女士為執業特許秘書及新加坡特許秘書公會會員。石女士獲英國利物浦約翰摩爾斯大學的商學學士學位(榮譽)。

## Investor Relations

### 投資者關係

During 2017, the Company continued to strengthen its efforts in maintaining investor relations, and capital market recommendation and media promotion became the main focus for work promotion, so as to truly serve as a bridge for effective communication between the Company and the capital market. The Company also listens attentively to various suggestions and proposals from the capital market with regard to the Company's operations and management in a proactive, sincere and humble manner, so as to optimise the Company's operational management quality, enhance the Company's profitability and Shareholders' value and maximise their interests.

### TIMELY, RIGHTEOUS, FAIR AND ACCURATE INFORMATION DISCLOSURE

The Company has been in strict compliance with the information disclosure principles for listed companies by making timely, righteous, fair and accurate information disclosure, which improve the transparency of the Company, moreover, establish a smooth communication channel and enhance its interaction and communication with the capital market. In 2017, the Company published 48 documents on SEHK's website. Such publications have objectively and comprehensively disclosed information regarding the results, operating performance, financial information, dividend payment, poll results of shareholder meetings and certain other voluntary disclosures. The Company's website ([www.chinaxl.com.hk](http://www.chinaxl.com.hk)) is also an important channel for its information disclosure and important platform for investors to obtain information on the Company.

### MULTIPLE-CHANNEL, COMPREHENSIVE INVESTOR RELATIONS ACTIVITIES

The Company continued to conduct comprehensive communication with capital market through various communication channels including results announcement conference, roadshow activities, one-on-one investor meetings, investor forums and reverse roadshow activities, communicating its development philosophy and strategies, growth progress and latest updates and results on operation and management, and sharing its understanding and expectation on the industry and the market. Further, the Company also developed various user-friendly promotion and communication platforms such as website, WeChat public platforms and other formats, with their contents covering corporate news, important announcements, updates of the Company's capital market, media report, and analyst's report.

二零一七年，本公司繼續加強投資者關係維護工作，並將資本市場推介和媒體宣傳作為重點工作進行推進，使其真正成為本公司和資本市場之間有效的溝通橋樑。同時本著積極、誠懇、務實的態度聆聽資本市場對於本公司經營管理上的意見和建議，不斷優化和完善本公司的運營管理素質，努力提升本公司盈利能力與股東價值，確保股東利益最大化。

### 及時、公正、公平和準確的信息披露

本公司嚴格遵守上市公司信息披露規則，實施及時、公正、公平和準確的信息披露，增加本公司透明度，同時，建立暢順的溝通渠道及加強與資本市場的互動溝通。二零一七年，本公司在聯交所的網站上共發佈了48份文件，客觀及詳細地披露了有關業績、經營狀況、財務信息、分紅派息、股東大會投票結果，以及若干自願性披露。本公司的官方網站([www.chinaxl.com.hk](http://www.chinaxl.com.hk))亦是公司信息披露的重要發放渠道之一，也是投資者獲取本公司信息的重要平臺。

### 多渠道、全方位開展投資者關係活動

本公司繼續通過業績發佈會、路演推介活動、一對一投資者會議、投資者論壇及反向路演活動等形式多渠道、全方位與資本市場溝通，及時向資本市場傳遞本公司的戰略規劃、發展理念、增長故事以及經營管理的最新動態和業績，分享我們對行業和市場的理解和展望。除此之外，本公司策劃開發了多種人性化宣傳溝通平臺，如網站、微信公眾平臺等形式，內容涵蓋公司新聞、重大公告、本公司資本市場動態、媒體報道、分析師報告情況等。

Meanwhile, according to the needs and styles of analysts and different investors, the Company flexibly and proactively arranged corporate senior management to participate in various investor relations activities. During 2017, the Company's senior management including the Chairman of the Board and the Chief Financial Officer participated in plenty of investor activities to fully communicate with the capital market, which realised multi-channelled communications. In 2017, besides holding press conferences after interim and annual results announcements, the Company also attended various investor forums organised by a number of investment banks and funds, conducted one-on-one meetings and conference calls regularly, and made interactive communication with around 500 investors and analysts throughout the year. We attach great importance to investors' onsite visits, and arranged over thirty plant visits to the headquarter of the Group in 2017, meanwhile, the Company organised large-scale reverse roadshow activities in the second half of 2017, more than thirty investors visited the Group's headquarter and Xinjiang base, so as to further give investors and analysts a better idea of the business and operations of the Group.

## STEADY AND CONTINUOUS SHAREHOLDER RETURNS

The Company attaches great importance to the Shareholders' views on its dividend payout. The Company determines its dividend payout every year with reference to the Company's financial status, long-term development needs and potential investment opportunities. When the Company was listed on the SGX-ST in 2007, we promised to the Shareholders that our dividend payout ratio for each of the 3 years from 2007 to 2009 would not be less than 20% of our net profit after tax, and we have kept our promises. After the period of promise, we have kept the dividend payout ratio at 20% or above for eleven consecutive years.

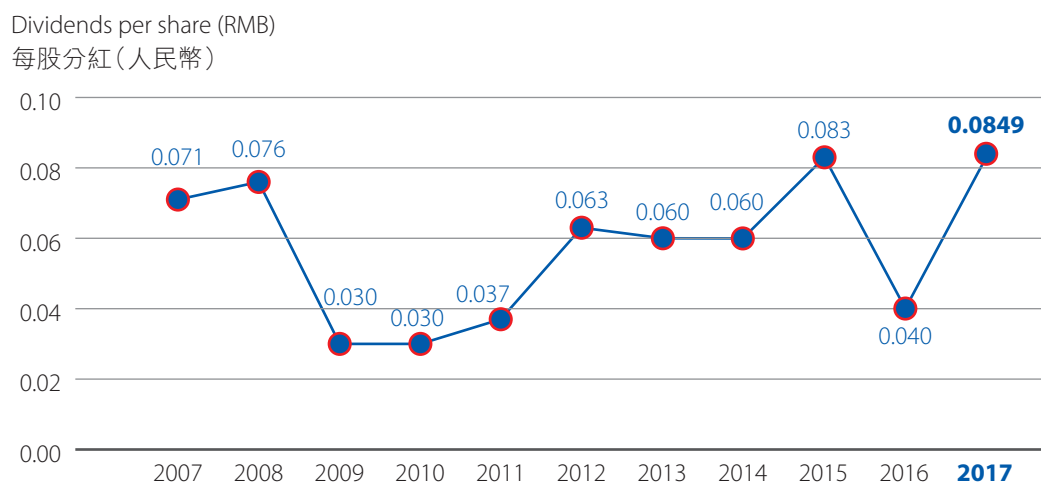
同時，本公司根據分析師和不同類型投資者的需求和特點，靈活、主動地安排了企業管理層參與不同投資者關係活動。二零一七年，本公司董事會主席及首席財務官等高管參與了大量的各類型投資者活動，充分與資本市場進行交流，實現了多渠道的溝通。二零一七年，除半年度、年度業績公告後均舉辦業績發佈會外，積極參加了多家投行和基金舉辦的投資者論壇，再加上日常的一對一會議和電話會議，全年與近五百人次投資者和分析師進行了互動交流。本公司高度重視投資者到公司實地考察，二零一七年先後組織近三十批次投資者實地考察本集團本部，同時，二零一七年下半年，本公司又策劃組織大型反向路演活動，約三十余人次投資者實地考察本集團總部及新疆基地，進一步加深了投資者、分析師對本集團發展規劃和經營狀況的了解。

## 持續穩定的股東回報

本公司高度重視股東對股息方面的意見，亦就本公司的實際財務狀況，長遠發展需要和投資機遇等因素來厘定每年的派息。本公司曾於二零零七年在新交所上市時向股東承諾，二零零七年至二零零九年三年內每年的派息比例不低於每年稅後純利的20%，本公司均兌現有關承諾。承諾期過後，本公司仍連續十一年將派息比例保持在20%或以上。

## The situation of the Company's dividend payment since listing

### 上市以來本公司分紅情況



# Corporate Governance Report

## 企業管治報告

### CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining a high standard of corporate governance principles and processes in managing the business and affairs, so as to improve the performance, accountability, and transparency of the Group. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

During the year ended 31 December 2017, the Board has reviewed its corporate governance practices and considers that the Company has complied with all the code provisions as set out in the CG Code. Key corporate governance principles and practices of the Company are summarised below.

#### A THE BOARD

##### A1. RESPONSIBILITIES AND DELEGATION

The primary role of the Board is taking leadership and control of the Company to protect and enhance long-term Shareholders' value. It sets the corporate strategies of the Group, and sets directions and goals for the management. The Board also supervises the management and monitors performance of these goals to enhance Shareholders' value. The Board is responsible for the overall corporate governance of the Group.

The day-to-day management, administration and operation of the Group are delegated to the executive Directors and the management. Each executive Director has accumulated sufficient and valuable experience to hold his/her position in order to ensure that his/her fiduciary duties can be carried out in an effective and efficient manner.

### 企業管治實務

本公司致力達到並維持高水準的企業管治原則和流程，以管理其業務及事務，從而改善本集團的表現、問責制度和透明度。董事會制定合適的政策，並實施適用於本集團業務行為及增長的企業管治實務。

本公司已應用載於上市規則附錄14內的企業管治守則(「企業管治守則」)所載之原則。

截至二零一七年十二月三十一日止年度，董事會已審閱其企業管治實務，認為本公司已遵守企業管治守則所載的所有守則條文。本公司的主要企業管治原則及實務於下文概述。

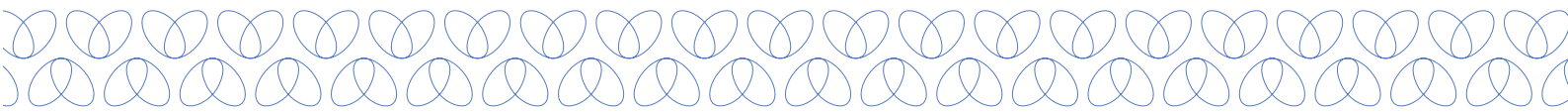
#### A 董事會

##### A1. 責任及授權

董事會的主要角色是領導及控制本公司，以保護和提升長遠的股東價值。其為本集團制定公司策略，並為管理層制定方向和目標。董事會亦要監督管理層和監察目標表現，以提升股東價值。董事會負責本集團的整體企業管治。

執行董事及管理層獲委派負責本集團的日常管理、行政和運作。各執行董事累積了充分和寶貴的經驗，能夠勝任其職務，並確保能夠以有成效和高效的方式履行其受信職責。





The Board has established an internal framework to ensure that the type of material transactions which requires Board's approval is consistently applied throughout the Group. Matters requiring Board's approval include:

- i. Overall Group business and budget strategy
- ii. Capital expenditures, investments or divestments exceeding certain material limits
- iii. All capital-related matters including capital issuance and redemption
- iv. Significant policies governing the operations of the Company
- v. Corporate strategic development and restructuring
- vi. Risk management strategy
- vii. Any major corporate activities involving changes in Shareholders' rights and risk profile

Regular meetings of the Board are held to deliberate the strategic policies of the Company including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results.

All Directors are from time to time furnished with information concerning the Company to enable them to be fully cognizant of the decisions and actions of the Company's executive management. The Board has unrestricted access to the Company's records and information. Any Director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

董事會已成立內部框架，確保需要董事會批准的重大交易在本集團內一致應用。需要董事會批准的事宜包括：

- i. 本集團整體業務及預算策略
- ii. 資本開支、超過重大限額的投資或撤資
- iii. 包括資本發行及贖回在內的所有資本相關事宜
- iv. 本公司管治營運的重要政策
- v. 企業策略發展及重組
- vi. 風險管理策略
- vii. 涉及股東權力及風險預測變動的任何主要企業活動

董事會舉行定期會議，以商討本公司的策略性政策，包括重大的收購和出售事項、審閱和批准年度預算、檢討業務表現和批准向外公佈定期的財務業績。

所有董事都會不時獲提供有關本公司的資料，以使他們能夠全面得知本公司執行管理層作出的決策和採取的行動。董事會在獲取本公司的記錄和資料方面並不受限制。任何董事於向董事會作出合理要求後，可於適當情況下徵求獨立專業意見，費用由本公司承擔。



## Corporate Governance Report

### 企業管治報告

Senior management members are available to provide explanatory information in the form of briefings to the Directors or formal presentations at Board meetings, or by external consultants engaged on specific projects.

The Board has formed specialised committees namely the AC, the RC and the NC (collectively the “**Committees**”) to assist in carrying out and discharging its duties and responsibilities efficiently and effectively. The Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each of the Committees is also constantly reviewed by the Board.

The company secretary(ies) of the Company (the “**Company Secretary(ies)**”) and/or his/her representative(s) attend(s) all Board meetings and meetings of the Committees to ensure that Board procedures are followed and applicable rules and regulations are complied with. Draft minutes of meetings of the Board and the Committees are circulated to Directors and the Committees members, as the case may be, for comments within a reasonable time after each meeting and the final version of minutes are available for Directors’ inspection.

高級管理層會以簡報形式向董事報告或在董事會會議上作正式演示，以提供說明資料，又或由參與特別項目的外部顧問提供說明資料。

董事會已組成多個專責委員會，即審核委員會、薪酬委員會和提名委員會（統稱「**委員會**」），以協助董事會以有成效和高效的方式執行和履行其職責和責任。委員會是按照已清楚界定並會定期予以檢討的職權範圍和運作流程履行工作。董事會亦會定期檢討各委員會的成效。

本公司的公司秘書（「**公司秘書**」）及／或其代表會出席所有董事會會議和各委員會的會議，確保該等會議遵循董事會程序和遵守適用的規則和法規。董事會及各委員會會議的會議記錄初稿均須供各董事及各委員會委員（視乎情況而定）傳閱，以供彼等在每一次會議後的合理時間內提供意見，而會議記錄最後定稿可供各董事查閱。

## A2. BOARD COMPOSITION

During the year ended 31 December 2017, there was no change in the Directors and the composition of the Board is as follows:

### **Executive Directors:**

Mr. Liu Xingxu	(Chairman of the Board and Member of the NC)
Mr. Zhang Qingjin	(Chief Executive Officer)
Ms. Yan Yunhua	(Chief Financial Officer)

### **Non-executive Director:**

Mr. Lian Jie

### **Independent Non-executive Directors:**

Mr. Ong Kian Guan	(Chairman of the AC, Member of the RC and the NC)
Mr. Li Shengxiao	(Chairman of the NC, Member of the AC and the RC)
Mr. Ong Wei Jin	(Chairman of the RC, Member of the AC and the NC)

Throughout the year ended 31 December 2017, the Board has met the requirements of Listing Rules 3.10 and 3.10A of having three independent non-executive Directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications, accounting and related financial management expertise.

## A2. 董事會構成

截至二零一七年十二月三十一日止年度，董事並無變動及董事會的組成如下：

### **執行董事：**

劉興旭先生	(董事會主席及提名委員會成員)
張慶金先生	(首席執行官)
閻蘊華女士	(首席財務官)

### **非執行董事：**

廉潔先生

### **獨立非執行董事：**

王建源先生	(審核委員會主席、薪酬委員會及提名委員會成員)
李生校先生	(提名委員會主席、審核委員會及薪酬委員會成員)
王為仁先生	(薪酬委員會主席、審核委員會及提名委員會成員)

於截至二零一七年十二月三十一日止整個年度，董事會均遵守上市規則第3.10及3.10A條有關須有三名獨立非執行董事(佔董事會人數至少三分之一)及其中一名獨立非執行董事具有適當的專業資格、會計及相關財務管理專長的規定。



## Corporate Governance Report

### 企業管治報告

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. The independent non-executive Directors bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Committees. Through participation in Board meetings, taking the lead in managing issues involving potential conflicts of interests and/or serving on the Committees, the independent non-executive Directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the Shareholders.

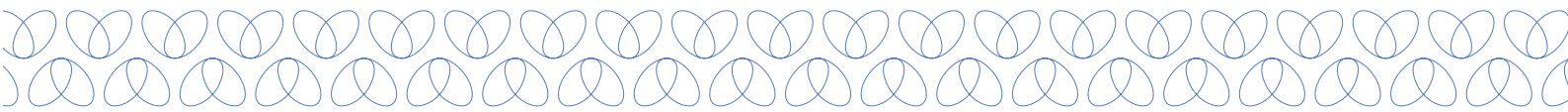
The biographical details of the Directors and the relationship between Board members, if any, are set out in the section headed "Directors, Senior Management and Company Secretaries" of this annual report.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in light of the independence guidelines set out in the Listing Rules.

董事會一直就本集團業務的需要及目標與行使獨立判斷之間所需要的技巧及經驗維持必要的平衡。獨立非執行董事為董事會提供不同的業務及財務專業知識、經驗及獨立判斷，而彼等獲邀服務各個委員會。獨立非執行董事透過參與董事會會議、在管理涉及潛在利益衝突的事宜上擔當領導工作及／或服務於各個委員會，有助本公司訂立有效的方針及給予充份的制衡作用，以保障本集團及股東的利益。

董事的履歷詳情以及董事會成員之間的關係(如有)載列於本年報「董事、高級管理層及公司秘書」一節。

本公司已收到每名獨立非執行董事根據上市規則的規定作出有關其獨立性的書面年度確認書。本公司認為所有獨立非執行董事均具備根據上市規則所列表載的獨立性指引的獨立性。



### A3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company supports the division of responsibility between the Chairman of the Board and the Chief Executive Officer of the Company in order to ensure a balance of power and authority and preserve a balanced judgement of views. Currently, Mr. Liu Xingxu is the Chairman of the Board, focusing on the overall strategic planning and business development of the Group; whereas Mr. Zhang Qingjin is the Chief Executive Officer of the Company, taking care of the overall management and day-to-day business operations of the Group. Such separation of the roles and duties of Chairman and Chief Executive Officer would enable timely management of the Group's affairs and further reinforce the Group's development.

In addition, the Directors are of the view that the balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) on the Board and the existence of AC, RC and NC (comprising all or a majority of independent non-executive Directors) in overseeing different aspects of the Company's affairs would help to maintain the balance of power and authority.

### A4. APPOINTMENT AND RE-ELECTION OF DIRECTORS

The procedures and processes of appointment and removal of Directors are laid down in the Constitution.

Each of the executive Directors has entered into a service contract with the Company, whereas the Company has issued a letter of appointment to each of the independent non-executive Directors and the non-executive Director. All Directors are appointed for a specific term of 3 years. They are also subject to retirement and re-election in accordance with the Constitution at least once every three years at an AGM.

### A3. 主席和首席執行官

本公司支持董事會主席與首席執行官責任分工，以確保權責平衡，並保持平衡之判斷觀點。現時，劉興旭先生為董事會主席、專注於本集團的整體戰略規劃及業務發展；而張慶金先生作為本公司首席執行官負責本集團的整體管理及日常業務經營。主席與首席執行官職務的分離將有助更及時地管理本集團事務及進一步加強本集團發展。

此外，董事認為董事會由人數均衡的執行董事及非執行董事（包括獨立非執行董事）組成，以及設立審核委員會、薪酬委員會及提名委員會（由全體或大部份獨立非執行董事所組成）監察本公司不同範疇的事宜，將有助於維持權力及授權的平衡。

### A4. 委任及重選董事

委任及罷免董事的程序及流程載於章程。

各執行董事已與本公司訂立服務合同，而本公司已向各獨立非執行董事和非執行董事發出委任函。全體董事的特定委任年期為三年，並須根據章程最少每三年於股東週年大會作退任及重選一次。



## Corporate Governance Report

### 企業管治報告

Pursuant to the Constitution, Mr. Zhang Qingjin, Mr. Li Shengxiao and Mr. Ong Wei Jin, being the number nearest to but not less than one-third of the Directors who are subject to retirement by rotation, shall retire by rotation at the 2018 AGM. The above three retiring Directors, being eligible, will offer themselves for re-election at the 2018 AGM. The Board recommended the re-appointment of these retiring Directors standing for re-election at the 2018 AGM. The Company's circular, sent together with this annual report, contains detailed information of these retiring Directors pursuant to the requirements of the Listing Rules.

#### A5. INDUCTION AND CONTINUING DEVELOPMENT FOR DIRECTORS

Each newly appointed Director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

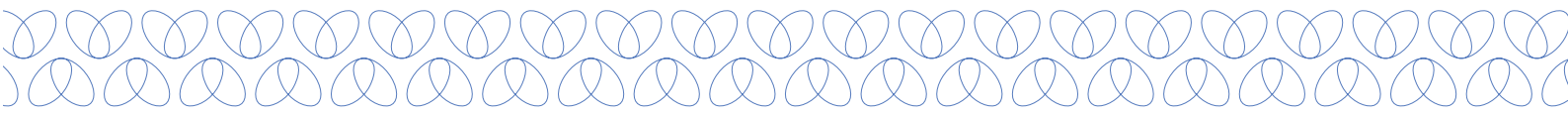
The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to refresh their knowledge and to facilitate the discharge of their responsibilities. Continuing briefings and professional development to Directors are arranged whenever necessary. In addition, reading materials on new or changes to salient laws and regulations applicable to the Group are provided to Directors from time to time for their studying and reference.

根據章程，張慶金先生、李生校先生及王為仁先生(作為須輪席告退的最接近但不少於三分之一董事)須於二零一八年股東週年大會上輪席告退。上述三名退任董事將符合資格於二零一八年股東週年大會上膺選連任。董事會建議重新委任於二零一八年股東週年大會上候任重選的該等退任董事。連同本年報寄出的本公司通函根據上市規則規定載有該等退任董事的詳細資料。

#### A5. 董事就任須知及持續發展

每位新委任董事於首次接受委任時均會獲得就任須知，以確保該董事對本集團的業務及運作均有適當理解，以及充分理解其本人按上市規則及有關監管規定所應負責任及義務。

現任董事持續獲得最新法律及法規發展以及業務及市場變動資訊，以更新彼等的知識及協助履行彼等的職責。本公司將於有需要時為董事提供持續簡介及專業發展。此外，本公司不時提供適用於本集團的主要法律及法規的新例或其變動的閱讀材料予董事研究及參考。



During the year ended 31 December 2017, the Directors have participated training as follows:

- All Directors (being Mr. Liu Xingxu, Mr. Zhang Qingjin, Ms. Yan Yunhua, Mr. Lian Jie, Mr. Ong Kian Guan, Mr. Li Shengxiao and Mr. Ong Wei Jin) received regular briefings and updates from the Company Secretaries/ Company's management on the Group's business, operations and corporate governance matters.
  
- Mr. Ong Kian Guan attended relevant seminars organised by professional firms/institutions.
  
- Mr. Liu Xingxu, Mr. Zhang Qingjin, Ms. Yan Yunhua and Mr. Li Shengxiao read technical bulletins, periodicals and other publications on subjects relevant to the Group and on their responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

截至二零一七年十二月三十一日止年度，董事已參加下列培訓：

- 全體董事（即劉興旭先生、張慶金先生、閻蘊華女士、廉潔先生、王建源先生、李生校先生及王為仁先生）定期自公司秘書／公司管理層收取有關本集團業務、經營及企業管治事宜的簡介及更新。
  
- 王建源先生出席由專業公司／機構組織的相關研討會。
  
- 劉興旭先生、張慶金先生、閻蘊華女士及李生校先生就與本集團相關的主題以及上市規則及相關監管規定項下彼等的職責及責任細閱技術性公佈、期刊及其他出版刊物。

# Corporate Governance Report

## 企業管治報告

### A6. DIRECTORS' ATTENDANCE RECORDS

The attendance records of each Director at the meetings of the Board and the Committees and the general meeting of the Company held during the year ended 31 December 2017 are set out below:

		Attendance of Meetings 會議出席次數				
		Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會	Annual General Meeting 股東週年大會
No. of Meetings Held 會議次數		7	4	1	1	1
Name of Director 董事姓名						
<i>Executive Directors:</i> 執行董事:						
Mr. Liu Xingxu	劉興旭先生	7	N/A 不適用	N/A 不適用	1	1
Mr. Zhang Qingjin	張慶金先生	7	N/A 不適用	N/A 不適用	N/A 不適用	1
Ms. Yan Yunhua	閻蘊華女士	7	N/A 不適用	N/A 不適用	N/A 不適用	1
<i>Non-executive Director:</i> 非執行董事:						
Mr. Lian Jie	廉潔先生	0	N/A 不適用	N/A 不適用	N/A 不適用	0
<i>Independent non-executive Directors:</i> 獨立非執行董事:						
Mr. Ong Kian Guan	王建源先生	7	4	1	1	1
Mr. Li Shengxiao	李生校先生	7	4	1	1	1
Mr. Ong Wei Jin	王為仁先生	7	4	1	1	1

In addition, the Chairman of the Board held a meeting with the independent non-executive Directors without the presence of executive Directors during the year under review.

While the Board considers Directors' attendance at the meetings of the Board and the Committees to be important, it should not be the only criterion to measure the Directors' contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, and provision of guidance and advice on various matters relating to the Group.

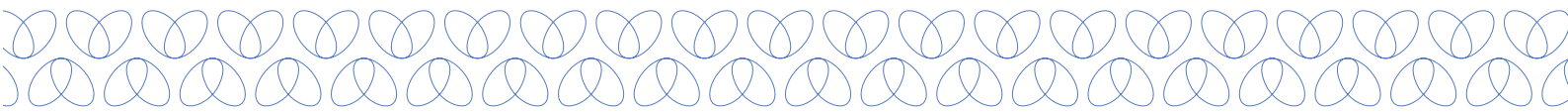
### A6. 董事出席記錄

各董事於截至二零一七年十二月三十一日止年度本公司舉行的董事會會議、委員會會議及股東大會的出席記錄載列如下：

此外，於回顧年內，董事會主席與獨立非執行董事舉行了一次會議，會上並無執行董事列席。

雖然董事會認為董事出席董事會和委員會的會議很重要，但這不應是衡量董事表現的唯一標準，而是應同時考慮董事會成員在其他方面的貢獻，包括就本集團不同事項定期審閱以及提供指引及建議。





#### A7. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' dealings in the Company's securities. The Company has made specific enquiry of all the Directors, and the Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2017.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "**Employees Written Guidelines**"), governing securities transactions by the relevant employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by relevant employees was noted by the Company during the year ended 31 December 2017.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify the Directors and relevant employees in advance.

#### A8. CORPORATE GOVERNANCE FUNCTIONS

The Board as a whole is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the CG Code. The Board has reviewed and monitored the Company's corporate governance policies and practices, the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

#### A7. 進行證券交易的標準守則

本公司已採納標準守則，作為其有關董事進行本公司證券買賣的行為守則。本公司已向所有董事作出具體查詢，董事確認已於截至二零一七年十二月三十一日止年度內一直遵守標準守則。

本公司亦已就監管有關僱員（彼等可能擁有關於本公司及／或其證券的內幕消息）進行證券買賣制訂一套書面指引（「**僱員書面指引**」），其條款並不比標準守則所載條文寬鬆。截至二零一七年十二月三十一日止年度，本公司並無發現有關僱員有任何不遵守僱員書面指引的事件。

倘若本公司知悉任何有關買賣本公司證券的限制期，本公司將會事先通知董事及有關僱員。

#### A8. 企業管治職能

董事會整體負責履行企業管治守則的守則條文第D.3.1條載列的企業管治職能。董事會檢討及監察本公司的企業管治政策及常規、董事及高級管理層的培訓及持續專業發展、本公司就遵守法律及監管規定的政策及常規、標準守則及僱員書面指引的遵守、以及本公司就企業管治守則及本企業管治報告內的披露資料的遵守。

# Corporate Governance Report

## 企業管治報告

### B. BOARD COMMITTEES

The Board has established three Board committees, namely, the AC, the RC and the NC, for overseeing particular aspects of the Company's affairs. All the Committees have been established with defined written terms of reference, which are available on the websites of the SEHK ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinaxlx.com.hk](http://www.chinaxlx.com.hk)). All the Committees should report to the Board on their decisions or recommendations made.

All the Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

#### B1. AUDIT COMMITTEE

The AC comprises a total of three members, being the three existing independent non-executive Directors, namely Mr. Ong Kian Guan, Mr. Li Shengxiao and Mr. Ong Wei Jin. The chairman of the AC is Mr. Ong Kian Guan, who possesses the appropriate professional qualifications, accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the AC is a former partner of the Company's existing external auditor.

The main duties of the AC are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or the external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making the relevant recommendation to the Board; and reviewing the Company's financial reporting system, risk management and internal control systems and internal audit function.

### B. 董事會委員會

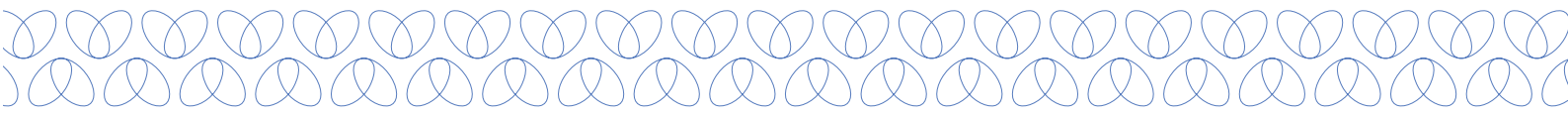
董事會已成立三個董事會委員會，分別為審核委員會、薪酬委員會及提名委員會，藉以監督本公司事務的特定範疇。所有已設立的委員會均已制定明確界定的書面職權範圍，詳情可於聯交所 ([www.hkexnews.hk](http://www.hkexnews.hk)) 及本公司 ([www.chinaxlx.com.hk](http://www.chinaxlx.com.hk)) 網站覽閱。所有委員會均須向董事會報告彼等所作出的決策或建議。

所有委員會均獲提供充分資源以履行彼等的職責，並可在合理要求下於適當情況下尋求獨立專業意見，費用由本公司承擔。

#### B1. 審核委員會

審核委員會由合共三名成員組成，即三名現有獨立非執行董事王建源先生、李生校先生及王為仁先生。審核委員會主席為王建源先生，彼擁有上市規則第3.10(2)條所規定的適當專業資格、會計及相關財務管理專長。概無審核委員會成員為本公司現任外部核數師的前合夥人。

審核委員會的主要職責為審閱本集團的財務資料及報告，並於向董事會提呈之前考慮本集團財務負責人或外部核數師所提出的任何重大或不尋常事項；檢討與外部核數師的關係及外部核數師的任期並向董事會提出相關推薦建議；及檢討本公司財務報告系統、風險管理及內部監控系統以及內部審核職能。



The Company has in place a whistle-blowing policy for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters. The AC constantly receives updates from the external auditor pertaining to the latest changes to the accounting standards and issues which have a direct impact on financial statements.

During the year ended 31 December 2017, the AC has held 4 meetings. Details of individual attendance of each member at the meetings are set out in section A6 above. The AC has performed the following major works during the year ended 31 December 2017:

- Review and discussion of the annual financial statements, results announcement and report for the year ended 31 December 2016 together with the Environmental, Social and Governance Report, and the related accounting principles and practices adopted by the Group;
- Review and discussion of the interim financial statements, results announcement and report for the six months ended 30 June 2017, and the related accounting principles and practices adopted by the Group;
- Review and discussion of the financial results for the first quarter ended 31 March 2017 and the third quarter ended 30 September 2017 respectively;
- Consideration and discussion of the major audit findings (including Key Audit Matters) for the year ended 31 December 2016 from the external auditor;

本公司為本集團員工設有申訴政策，可對財務報告、內部控制或其他事宜任何可能違規之處提出質疑。審核委員會一直收取外部核數師有關於對財務報表有直接影響的會計準則及問題的最新變動的資料。

於截至二零一七年十二月三十一日止年度，審核委員會已舉行4次會議。各委員的個別出席會議詳情載列於上文A6節。於截至二零一七年十二月三十一日止年度，審核委員會已進行下列主要工作：

- 審閱及討論截至二零一六年十二月三十一日止年度的年度財務報表、業績公佈及報告連同環境、社會及管治報告以及本集團採納的相關會計原則及慣例；
- 審閱及討論截至二零一七年六月三十日止六個月的中期財務報表、業績公佈及報告以及本集團採納的相關會計原則及慣例；
- 審閱及討論分別截至二零一七年三月三十一日止第一季度及截至二零一七年九月三十日止第三季度的財務業績；
- 考慮及討論外部核數師的截至二零一六年十二月三十一日止年度之主要審核結果(包括主要審核事宜)；

# Corporate Governance Report

## 企業管治報告

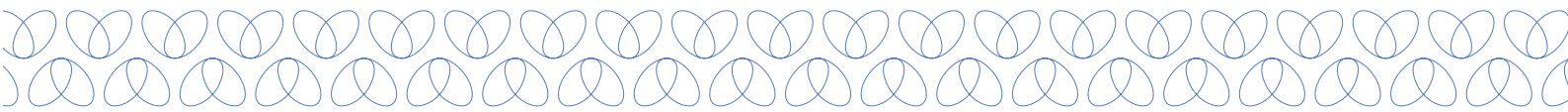
- Consideration and discussion of the major internal audit issues for the year ended 31 December 2016 and the six months ended 30 June 2017 respectively;
  - Review of the independence of the external auditor and recommendation of its re-appointment for the year ended 31 December 2017;
  - Review and discussion of the continuing connected transactions for the year ended 31 December 2017;
  - Review and discussion of the effectiveness of the financial reporting system, the risk management and internal control systems and the internal audit function;
  - Review of the arrangement of whistle-blowing policy; and
  - Review and discussion of Ernst & Young LLP's audit plan for the year ended 31 December 2017.
- 考慮及討論分別截至二零一六年十二月三十一日止年度及截至二零一七年六月三十日止六個月之主要內部審核事宜；
  - 審閱外部核數師的獨立性並建議於截至二零一七年十二月三十一日止年度續聘外部核數師；
  - 審閱及討論截至二零一七年十二月三十一日止年度的持續關連交易；
  - 審閱及討論財務報告系統、風險管理及內部監控系統以及內部審核功能的有效性；
  - 審閱申訴政策的安排；及
  - 審閱及討論安永會計師事務所截至二零一七年十二月三十一日止年度的審核計劃。

During the year ended 31 December 2017, the external auditor has met the AC twice and discussed with the AC on issues arising from the audit and financial reporting matters.

截至二零一七年十二月三十一日止年度，外部核數師已與審核委員會會面兩次並與審核委員會討論審核及財務報告事宜所產生的問題。

The AC, having reviewed all non-audit services provided by the external auditor of the Company, was satisfied that the nature and extent of such services would not affect the independence and objectivity of the external auditor. The AC recommended that Ernst & Young LLP be nominated for re-appointment as the Company's external auditor at the 2018 AGM. There is no disagreement between the Board and the AC regarding the selection, appointment, resignation or dismissal of external auditor.

審核委員會已審閱本公司外部核數師提供的所有非審核服務，信納該等服務的性質及範疇將不會影響外部核數師的獨立性及客觀性。審核委員會建議在二零一八年股東週年大會上提名安永會計師事務所再次獲委任為本公司的外部核數師。董事會與審核委員會之間在外部核數師的揀選、委任、辭任或免職上並無意見不合。



## B2. REMUNERATION COMMITTEE

The RC comprises a total of three members, being the three existing independent non-executive Directors, namely Mr. Ong Kian Guan, Mr. Li Shengxiao and Mr. Ong Wei Jin. The chairman of the RC is Mr. Ong Wei Jin. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his own remuneration package.

The principal responsibilities of the RC include reviewing and making recommendations to the Board on the Company's remuneration policy and structure and the remuneration packages of Directors and senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code is adopted). The RC is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by the Board with reference to the performance of the individual and the Company as well as the market practice and conditions.

In setting remuneration packages, the RC will take into consideration the pay and employment conditions in comparable companies within the industry. The RC will also review the remuneration packages of the independent non-executive Directors and the non-executive Director to ensure that they are commensurate with the contributions and responsibilities of the Directors. Each of the executive Directors entered into a service contract with the Company, which covers each of their terms of employment. The Company will submit the quantum of Directors' fees of each year to the Shareholders for approval at each AGM.

## B2. 薪酬委員會

薪酬委員會由合共三名成員組成，即三名現有獨立非執行董事王建源先生、李生校先生及王為仁先生。薪酬委員會主席為王為仁先生。有關薪酬的所有事宜，包括但不限於董事袍金、薪金、津貼、花紅和實物利益，將會由薪酬委員會負責。各薪酬委員會成員將就有關其本身的薪酬組合的任何決議案放棄投票。

薪酬委員會的主要責任包括向董事會就本公司薪酬政策及架構以及董事及高級管理層的薪酬組合作出審閱及推薦建議（即採納企業管治守則的守則條文第B.1.2(c)(ii)條所述的模式）。薪酬委員會亦負責就制定有關薪酬政策及架構訂立具透明度的程序，以確保概無董事或其任何聯繫人將參與決定其本身的薪酬，而薪酬將由董事會參考個別人士及本公司的表現以及市場慣例及環境而釐定。

在制定薪酬組合時，薪酬委員會將考慮行業內可資比較公司的薪酬和聘用條件。薪酬委員會亦將檢討獨立非執行董事及非執行董事的薪酬組合，以確保彼等的薪酬與董事的貢獻和責任相稱。各執行董事已與本公司訂立包含其聘用條件的服務合同。本公司將於各股東週年大會上提交每年的董事袍金總額，以供股東批准。

# Corporate Governance Report

## 企業管治報告

During the year ended 31 December 2017, the RC has held 1 meeting. Details of individual attendance of each member at the meeting are set out in section A6 above. At the said meeting, the RC: (i) reviewed the remuneration framework for the Directors, key executive staff, top five highest paid employees and employees who are immediate family members of the Directors for the year ended 31 December 2016 and the remuneration proposal for the year ended 31 December 2017, by reference to the Group's performance and profitability as well as the remuneration level of certain listed corporations within the industry; and (ii) considered and made recommendations to the Board on the terms in the service contracts/appointment letters renewed with the Directors.

Pursuant to the code provision B.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 December 2017 is set out below:

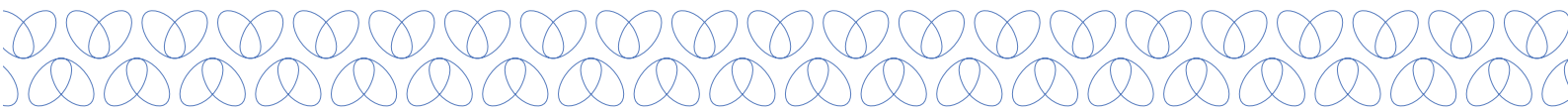
Remuneration band (RMB) 薪酬範圍(人民幣元)	Number of individuals 人數
500,000-700,000	2
700,001-900,000	2

Details of the remuneration of each Director for the year ended 31 December 2017 are set out in note 9 to the financial statements contained in this annual report.

於截至二零一七年十二月三十一日止年度，薪酬委員會已舉行1次會議。各委員的個別出席會議詳情載列於上文A6節。於上述會議上，薪酬委員會：(i)經參考本集團的業績表現、盈利能力以及業界內若干上市公司的薪酬水平，檢討截至二零一六年十二月三十一日止年度各董事、主要行政人員、五大最高薪僱員及董事的直系親屬的薪酬結構以及截至二零一七年十二月三十一日止年度的薪酬建議；及(ii)考慮並向董事會建議與續期董事訂立之服務合約／委任函之條款。

根據企業管治守則守則條文第B.1.5條，截至二零一七年十二月三十一日止年度高級管理層成員的年度薪酬按範圍劃分載列如下：

截至二零一七年十二月三十一日止年度各董事的薪酬詳情載於本年報財務報表附註9內。



### B3. NOMINATION COMMITTEE

The NC comprises a total of four members, being the Chairman of the Board, namely Mr. Liu Xingxu, and the three existing independent non-executive Directors, namely Mr. Ong Kian Guan, Mr. Li Shengxiao and Mr. Ong Wei Jin. Accordingly, a majority of the members are independent non-executive Directors. The chairman of the NC is Mr. Li Shengxiao.

The principal responsibilities of the NC include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on an annual basis and recommending any changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive Directors; and making recommendations to the Board on relevant matters relating to the appointment or reappointment of Directors and succession planning for Directors.

The NC has established and implemented processes including taking into consideration the attendance records at the meetings of the Board and the Committees for monitoring and evaluating the performance of the Board as a whole and effectiveness and contribution of individual Directors.

The Directors shall disclose to the Company details of other significant offices held by them. Where a Director has multiple directorships, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his/her duties as a Director. For the year ended 31 December 2017, the Board is satisfied that each Director has allocated sufficient time and resources to the affairs of the Company.

### B3. 提名委員會

提名委員會由合共四名成員組成，即董事會主席劉興旭先生及三名現有獨立非執行董事王建源先生、李生校先生及王為仁先生。因此，大部分成員均為獨立非執行董事。提名委員會主席為李生校先生。

提名委員會的主要職責包括每年檢討董事會的架構、人數及組成(包括技能、知識及經驗方面)，並就任何變動向董事會提出建議；物色具備合適資格可擔任董事會成員的人士，並挑選提名有關人士出任董事及就此向董事會提出建議；評核獨立非執行董事的獨立性；及就董事委任或重新委任的相關事宜以及董事繼任計劃向董事會提出建議。

提名委員會已成立並執行情序(包括考慮董事會及各委員會會議的出席記錄)，以監察及評估董事會整體的表現、有效性以及個別董事的貢獻。

各董事須向本公司披露有關彼等所擔任其他重大職務的詳情。如果一名董事同時出任多家公司的董事，提名委員會將評估該董事是否能夠和是否充分履行其作為董事的職責。就截至二零一七年十二月三十一日止年度而言，董事會信納各董事都分配了足夠的時間和資源來處理本公司的事務。



## Corporate Governance Report

### 企業管治報告

In selecting suitable candidates for directorships of the Company, the NC may make reference to certain criteria such as the Company's needs, the integrity, experience, skills and professional knowledge of the candidate, and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

The Company also recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board diversity. To comply with the code provision A.5.6 of the CG Code, a Board diversity policy was adopted by the Company pursuant to which the NC is responsible for monitoring the implementation of the Board diversity policy and assessing the Board composition under diversified perspectives (including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience). The NC shall report its findings and make recommendations to the Board, if any. Such policy and objectives, if any, will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

The NC considered an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board diversity policy.

During the year ended 31 December 2017, the NC has held 1 meeting. Details of individual attendance of each member at the meeting are set out in section A6 above. At the said meeting, the NC: (i) reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group; (ii) assessed the independence of all the independent non-executive Directors; and (iii) recommended the re-election of the retiring Directors at the 2017 AGM.

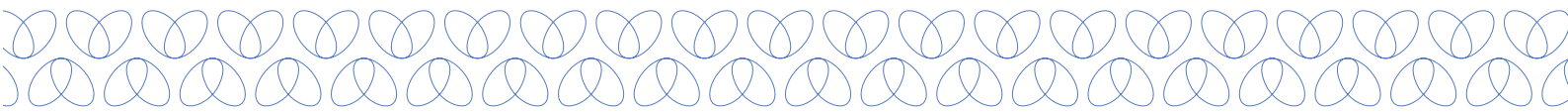
甄選本公司的合適董事人選時，提名委員會可能會參考本公司的需要、該候選人的誠信、經驗、技能及專業知識以及彼為履行其職務及職責而將投放的時間及精力等若干因素。如有需要，外部招聘專業人士或會受聘進行甄選程序。

本公司明白並深信董事會成員多元化對提升本公司的表現素質裨益良多。根據企業管治守則條文第A.5.6條的規定，本公司已採納董事會成員多元化政策，據此，提名委員會負責監督董事會成員多元化政策的實施，及從多元化的角度評估董事會組成（包括但不限於性別、年齡、文化及教育背景、專業資格、技能、知識以及行業及地區經驗）。提名委員會應向董事會報告其監察結果及提出建議（如有）。有關政策及目標（如有）將不時被檢討，以保證彼等決定董事會最佳組成的適宜性。

提名委員會認為董事會能維持多元化觀點的適當平衡，及並無訂立任何為執行董事會成員多元化政策的可計量目標。

於截至二零一七年十二月三十一日止年度，提名委員會已舉行1次會議。各委員的個別出席會議詳情載列於上文A6節。於上述會議上，提名委員會：(i) 檢討董事會架構、規模及組成以確保其取得專業知識、技能及經驗的平衡並適合本集團的業務要求；(ii) 評估所有獨立非執行董事的獨立性；及(iii) 建議於二零一七年股東週年大會上重選退任董事。





### C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is accountable to the Shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to the Shareholders in compliance with statutory requirements and the Listing Rules.

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2017.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group and put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

### D. RISK MANAGEMENT AND INTERNAL CONTROLS

The Group's risk management and internal control systems have a key role in the identification and management of risks that are significant to the achievement of the Group's business objectives. The process of business risk management has been integrated throughout the Group into business planning and monitoring processes. The Company's management continuously assesses the likelihood of risk occurrence, provides treatment plans, monitors the risk management progress, and reports to the AC and the Board on all findings. The management would also report to the AC and the Board on the effectiveness of the Group's risk management and internal control systems.

### C. 董事就財務報表的財務報告責任

董事會向股東負責，並應注意其責任，包括根據法定規定及上市規則提供適時的資料和確保向股東全面披露重大的資料。

董事已知悉彼等就編製本公司截至二零一七年十二月三十一日止年度財務報表的責任。

董事會負責就年報及中期報告、內幕消息公佈以及上市規則及其他監管要求規定的其他披露資料，作出平衡、清晰而容易理解的評估。管理層向董事會提供解說及資料，以便董事會可就本集團的財務資料及狀況作出知情評估，以供董事會審批。

概無任何事件或狀況的重大不明朗因素會對本集團持續經營的能力構成重大懷疑。

### D. 風險管理及內部監控

本集團的風險管理及內部監控系統在識別和管理對達致其業務目標而言屬重大的風險方面發揮著重要作用。業務風險管理程序在本集團的整個範圍內已經融入其業務計劃和監控程序。本公司管理層持續評估風險發生的可能性、提供處理方案、監管風險管理流程並向審核委員會及董事會報告所有發現。管理層亦會向審核委員會及董事會報告本集團風險管理及內部監控系統的有效性。



## Corporate Governance Report

### 企業管治報告

The AC ensures that a review of the effectiveness of the Group's risk management and internal control systems covering all material internal controls (including financial, operational, compliance and information technology controls), with respect to the design, implementation and monitoring of such systems, is conducted annually and put forward to the Board for consideration. In this regard, the AC reviews the audit plans and the findings of the external and internal auditors, and ensures that the Company will follow up on the auditors' recommendations raised, if any, during the audit process.

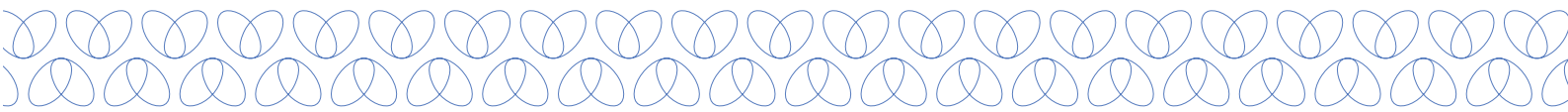
The Board acknowledges its responsibility for the Group's risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board, with the assistance of the management and the AC, has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems to safeguard the interests of the Shareholders and the Group's assets.

Based on the reports submitted by the external and internal auditors and the various management controls put in place, the Board has conducted a review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2017. With the concurrence of the AC, the Board considered that the Group's risk management and internal control systems maintained by the management are effective and adequate to address the financial, operational and compliance controls and risk management of the Group throughout the year ended 31 December 2017.

審核委員會確保每年審閱本集團的風險管理及內部監控系統的有效性，涵蓋主要內部監控（包括財務、營運、合規和信息技術監控）以及該等系統的設計、實施及監管，並提呈董事會供審議。就此而言，審核委員會審閱外部和內部核數師的審核計劃和發現，以及確保本公司跟進核數師在審核過程中提出的建議（如有）。

董事會承認其須對本集團的風險管理及內部監控系統負責，並有責任檢討該等系統的有效性。該等系統旨在管理而非消除未能達成業務目標的風險，而且只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。董事會在管理層及審核委員會協助下，具有評估及釐定本公司為達成戰略目標所願承擔的風險性質及程度，並制定及維持合適及有效的風險管理及內部監控系統以保障股東的利益及本集團的資產權益的整體責任。

基於外部及內部核數師所提交的報告以及已實施的各類管理控制措施，董事會已就本集團截至二零一七年十二月三十一日止年度的風險管理及內部監控系統的有效性進行檢討。經審核委員會同意，董事會認為管理層所維持的本集團風險管理及內部監控系統於截至二零一七年十二月三十一日止年度足以有效及充分應對本集團的財務、營運和合規監控及風險管理。



During the year ended 31 December 2017, the Board has also received assurance from the Chief Executive Officer and Chief Financial Officer of the Company that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company/Group's operation and finances; and (ii) the Company/Group have put in place and will continue to maintain reliable, comprehensive and sound systems of risk management, internal control and corporate governance that will withstand the scrutiny of any audit and review by the external auditor.

The Company has implemented control procedures throughout the year ended 31 December 2017 to ensure that unauthorised access and use of inside information are strictly prohibited.

#### **E. INTERNAL AUDIT**

The primary functions of the Company's internal audit include assessing if adequate internal control system is in place to protect the funds and assets of the Group and to ensure compliance with the internal control procedures; assessing if operation of the business processes under review is conducted efficiently and effectively; and identifying and recommending improvements to the internal control procedures, where required.

The Board with the concurrence of the AC is satisfied with the adequacy of resources, staff qualifications and experience, training programmes and budget and effectiveness of the Group's accounting, internal audit and financial reporting functions.

截至二零一七年十二月三十一日止年度，董事會亦已收到本公司首席執行官及首席財務官的保證，彼等確保(i)財務記錄已妥為保管及財務報表真實及公平地反映本公司／本集團的經營及財務情況；及(ii)本公司／本集團已妥善設立並將繼續保持可靠、全面及穩健的風險管理、內部監控及企業管治系統，將可承受外部核數師進行的任何審核及審閱的核查。

於截至二零一七年十二月三十一日止整個年度，本公司已實行監控程序，以確保嚴禁未經授權地取得及使用內幕消息。

#### **E. 內部審核**

本公司內部審核的主要職務包括評核是否有充分的內部監控系統，以保護本集團的資金和資產，以及確保遵循監控流程；評核所審閱的業務運作流程是否高效和有效地運作；及識別和建議就內部監控流程的改善(如適用)。

董事會(經審核委員會同意)信納本集團的會計、內部審核及財務報告職能的資源、人員資格及經驗、培訓計劃及預算及效能的充足性。

# Corporate Governance Report

## 企業管治報告

### F. COMPANY SECRETARIES

During the year ended 31 December 2017, Mr. Teo Meng Keong of Tricor Singapore Pte. Ltd. and Ms. Soon Yuk Tai of Tricor Services Limited, both of which companies being external service providers, were engaged by the Company as its Joint Company Secretaries.

Subsequent to the year end and as detailed in the Company's announcements dated 25 January 2018 and 6 March 2018 published on the websites of the SEHK and the Company, Mr. Teo Meng Keong passed away on 23 January 2018 and Ms. Soon Yuk Tai has resigned as the Company's Joint Company Secretary with effect from 6 March 2018. On 6 March 2018, Ms. Cheok Hui Yee of Tricor Singapore Pte. Ltd. and Ms. So Yee Kwan of Tricor Services Limited have been appointed as the Company's Joint Company Secretaries to replace Mr. Teo and Ms. Soon. The biographical details of the Company Secretaries are set out in the section headed "Directors, Senior Management and Company Secretaries" of this annual report.

The Company Secretaries' primary contact persons at the Company are Ms. Yan Yunhua, the Chief Financial Officer of the Company and an executive Director, and Mr. Zhu Weiwei, the Head of Investor Relations of the Company.

During the year ended 31 December 2017, the Company Secretaries have taken not less than 15 hours of relevant professional training.

### G. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 December 2017 is set out in the section headed "Independent Auditor's Report" of this annual report.

### F. 公司秘書

截至二零一七年十二月三十一日止年度，外部服務供應商Tricor Singapore Pte. Ltd.的張明強先生及卓佳專業商務有限公司的孫玉蒂女士已獲本公司委聘為其聯席公司秘書。

年末後及如刊發在聯交所及本公司網站的本公司日期為二零一八年一月二十五日及二零一八年三月六日之公告所詳述，張明強先生已於二零一八年一月二十三日逝世及孫玉蒂女士已於二零一八年三月六日辭任本公司聯席公司秘書。於二零一八年三月六日，Tricor Singapore Pte. Ltd.之石慧儀女士及卓佳專業商務有限公司之蘇漪筠女士已獲委任為本公司之聯席公司秘書以代替張先生及孫女士。公司秘書的履歷詳情載列於本年報「董事、高級管理層及公司秘書」一節。

公司秘書於本公司的主要聯絡人為本公司首席財務官兼執行董事閻蘊華女士及本公司投資者關係主任朱偉偉先生。

於截至二零一七年十二月三十一日止年度，公司秘書已進行不少於15小時的相關專業培訓。

### G. 外部核數師及核數師酬金

本公司外部核數師就其對截至二零一七年十二月三十一日止年度本公司財務報表的申報責任作出的聲明載於本年報「獨立核數師報告」一節。

The fees paid/payable to Ernst & Young LLP, the Company's external auditor, in respect of audit services and non-audit services for the year ended 31 December 2017 are analysed below:

就截至二零一七年十二月三十一日止年度的審核服務及非審核服務而已付／應付予本公司外部核數師安永會計師事務所的費用分析如下：

<b>Type of services provided by the external auditor</b> 外部核數師提供的服務種類	<b>Fees paid/payable</b> 已付／應付費用 RMB'000 人民幣千元
<b>Audit services</b> 審核服務	
- Audit fee for the year ended 31 December 2017 截至二零一七年十二月三十一日止年度的審核費用	2,414
<b>Non-audit services</b> 非審核服務	
- Tax consultation fee for the year ended 31 December 2017 截至二零一七年十二月三十一日止年度的稅務諮詢費用	165
<b>TOTAL:</b> 總計：	<b>2,579</b>

## H. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Group recognises the importance of transparent and timely disclosure of corporate information, which enables Shareholders and investors to make the best investment decision. Price sensitive information will be publicly released before the Company's disclosure of any of such information to any group of investors or analysts. Financial results and reports will be announced or issued within the prescribed periods under the statutory or regulatory requirements.

In line with continuous obligations of the Company pursuant to the Listing Rules, the Board's policy is that all Shareholders be informed of all major developments that impact the Group. Information is disseminated to the Shareholders and investors on a timely basis through:

- i. Announcements, financial reports, circulars and news releases published on the website of the SEHK;
- ii. Financial reports prepared and issued to all Shareholders;

## H. 與股東及投資者的溝通

本集團確認企業資料透明度及適時披露的重要性，其可使股東及投資者作出最佳投資決定。價格敏感資料將於本公司向任何投資者或分析員團體披露任何該等資料前向外公佈。財務業績和報告將於法定或監管規定項下訂明的期間內公佈或發出。

為配合本公司根據上市規則的持續責任，董事會的政策是讓全體股東得知影響本集團的所有重大發展。本公司通過以下方式適時向股東及投資者發佈資料：

- i. 在聯交所網站刊登公佈、財務報告、通函和新聞發佈；
- ii. 為全體股東編制並向他們發出財務報告；

# Corporate Governance Report

## 企業管治報告

- iii. Press releases on major developments of the Group;
- iv. Notices of and explanatory memoranda for AGM and EGM; and
- v. the Company's website at [www.chinaxl.com.hk](http://www.chinaxl.com.hk) at which the Shareholders can access information of the Group, roadshows organised by banks and plant visits.

Shareholders are encouraged to attend general meetings to ensure high level of accountability and to stay apprised of the Group's strategy and goals. Notices of general meetings will be published on the websites of the SEHK and the Company. The chairmen of the Committees are normally available at general meetings to answer any question relating to the work of the Committees. The external auditor shall also be present at AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

Besides, for putting forward any enquiries to the Board, Shareholders and investors may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries. Shareholders and investors may send their written enquiries to the following:

Address: 17/F, Yat Chau Building, 262 Des Voeux Road Central, Hong Kong  
(For the attention of the Head of Investor Relations)

Fax: (852) 2521 9955

Email: [weiwei.zhu@chinaxl.com.hk](mailto:weiwei.zhu@chinaxl.com.hk)

Inquiries are dealt with in an informative and timely manner.

- iii. 有關本集團重大發展的新聞稿；
- iv. 股東週年大會和股東特別大會的通告和說明備忘錄；及
- v. 本公司的網站([www.chinaxl.com.hk](http://www.chinaxl.com.hk))，股東可於該網站瀏覽本集團的資料，銀行安排的路演以及廠房參觀活動。

本公司鼓勵股東出席股東大會，以確保高度的問責水準和得知本集團的策略和目標。股東大會通告將在聯交所和本公司網站內公佈。各委員會的主席一般都會出席股東大會，回答與各委員會工作有關的問題。外部核數師亦應出席股東週年大會，以回答有關進行審核、核數師報告的編製及內容、會計政策及核數師的獨立性的問題。

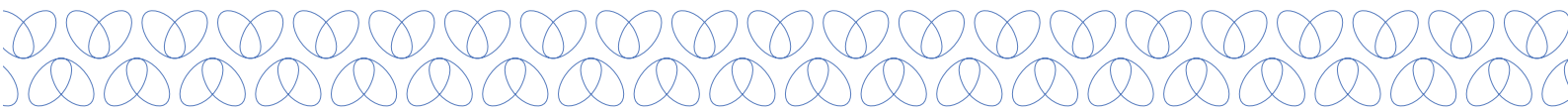
此外，就向董事會作出任何查詢而言，股東及投資者可向本公司寄送書面查詢。本公司一般將不會處理任何口頭或匿名查詢。股東及投資者可透過以下方式寄送其書面查詢：

地址：香港德輔道中 262 號  
一洲大廈 17 樓  
(註明投資者關係主任收)

傳真：(852) 2521 9955

電郵：[weiwei.zhu@chinaxl.com.hk](mailto:weiwei.zhu@chinaxl.com.hk)

查詢將獲詳細及時處理。



## I. SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, a separate resolution shall be proposed at general meetings on each substantially separate issue, including the election of individual Directors, for Shareholders' consideration and voting.

### 11. CONVENING AN EGM

Pursuant to Article 47 of the Constitution, the Directors may whenever they think fit, and shall on requisition in accordance with the statute, proceed with proper expedition to convene an EGM.

Pursuant to the Companies Act:

- (a) Shareholders holding 10% or more of the paid-up capital of the Company which carries the right to vote at general meetings as at the date of the deposit of the requisition, may request the Board to convene an EGM. The written requisition must specify the objects of the meeting, be signed by the Shareholders concerned and deposited at the registered office of the Company for the attention of the Board or the Company Secretaries;
- (b) The Board shall proceed to convene an EGM within 21 days of the deposit of such written requisition. Such EGM shall be held within 2 months after the deposit of such written requisition; and

## I. 股東的權利

為保障股東的權益及權利，本公司將就各重大個別事宜（包括選舉個別董事）於股東大會提呈獨立決議案以供股東考慮及投票表決。

### 11. 召開股東特別大會

根據章程細則第47條，董事倘認為合適及倘規程有所規定，可適當地隨時召開股東特別大會。

根據公司法：

- (a) 於遞交要求日期持有本公司繳足股本10%或以上並有權於股東大會上投票的股東，可要求董事會召開股東特別大會。書面要求必須指明大會目的及必須經有關股東簽署，且送達本公司的註冊辦事處（須註明收件人為董事會或公司秘書）；
- (b) 董事會將於遞交該書面要求日期起計21日內召開股東特別大會。有關股東特別大會須於遞交該書面要求後2個月內舉行；及

# Corporate Governance Report

## 企業管治報告

- (c) If the Directors do not within 21 days after the date of the deposit of the requisition proceed to convene an EGM, the Shareholders who deposited requisition, or any of them representing more than 50% of the total voting rights of all of them, may themselves, in the same manner as nearly as possible as that in which meetings are to be convened by Directors, convene an EGM, but any EGM so convened shall not be held after the expiration of 3 months from that date.

### 12. PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

In general, subject to the paragraph below, no resolution may be proposed at a general meeting (whether it is an EGM or an AGM) if such resolution is not included in the notice convening the general meeting. However, if the proposal is to amend an existing resolution set out in the notice convening the general meeting and such amendment is within the scope of the notice, such amendment may be made if approved by the Shareholders by ordinary resolution.

On the requisition in writing of either (i) any number of Shareholders representing not less than 5% of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the general meeting to which the requisition related; or (ii) not less than 100 Shareholders on which there has been paid up an average sum, per Shareholder, of not less than S\$500, the Company shall be under a duty to:

- (a) Give to the Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

- (c) 倘董事未有於遞交要求日期後起計21日內召開股東特別大會，則遞交要求的股東(或當中持有彼等全體總投票權一半以上的任何人士)可自行召開股東特別大會，而彼等所召開的股東特別大會須盡量以與董事召開大會相同的方式召開，惟任何據此召開的股東特別大會均不得於上述日期起計3個月屆滿後舉行。

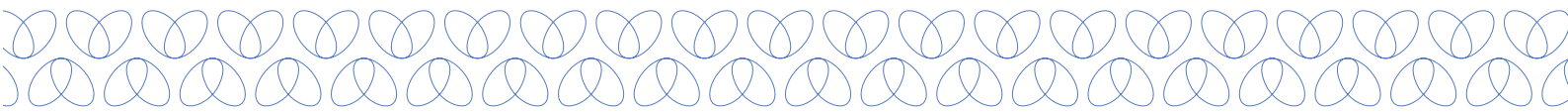
### 12. 於股東大會上提出議案

一般而言，受下文所限，倘決議案並無載列於召開股東大會(不論是股東特別大會或股東週年大會)的通告內，則該決議案不可於股東大會上提呈。然而，倘建議乃為修訂召開股東大會的通告所載的現有決議案，而有關修訂屬於該通告範圍以內，則有關修訂須待股東以普通決議案方式通過後作出。

在(i)於遞交要求日期持有不少於全體股東總投票權(賦有於要求所涉股東大會上的投票權)5%的股東(不論人數)；或(ii)不少於100名股東(而持有股份的每名股東平均已繳足金額不少於500新加坡元)以書面方式提出要求下，本公司有責任：

- (a) 向有權接收下一屆股東週年大會通告的股東發出通知，以告知任何可能於該大會上正式動議並擬於會上動議的決議案；及





- (b) Circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

Notice of any such intended resolution shall be given, and any such statement shall be circulated, to the Shareholders entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each such Shareholder in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other Shareholder by giving notice of the general effect of the resolution in any manner permitted for giving him/her notice of meetings of the Company. The requisition shall be deposited at the registered office of the Company at least 6 weeks before the meeting.

For the avoidance of doubt, the Shareholder must provide his/her full name, contact details and identification, in the originally signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of the Shareholder may be disclosed as required by law.

During the year under review, the Company has not made any changes to the Constitution. An up-to-date version of the Constitution is available on the websites of the SEHK and the Company. Shareholders may refer to the Constitution for further details of the rights of Shareholders.

All resolutions put forward at general meetings shall be voted by poll pursuant to the Listing Rules, and poll results will be posted on the websites of the SEHK and the Company after each general meeting.

- (b) 向有權獲發送任何股東大會通告的股東傳閱不超過1,000字的陳述書，以告知於該大會上提呈的任何建議決議案所述事宜或將處理的事項。

任何此等擬定決議案的通知及任何此等陳述書，應以准許用於送達大會通告的方式，經送達該決議案或陳述書的副本至各有關股東，向有權獲送交大會通告的股東發出或傳閱；至於向任何其他股東發出任何此等決議案的通告，則須以准許用於向該等股東發出本公司大會通告的方式，向其發出具該決議案大意的通知。有關要求須於大會舉行前至少六個星期送達本公司註冊辦事處。

為免產生疑問，股東必須呈交已簽署的書面呈請、通知或聲明（視情況而定）的原件並於其上提供其全名、聯絡資料及身分證明，以令有關呈請、通知或聲明生效。股東資料或須根據法例規定予以披露。

於回顧年度，本公司並無對章程作出任何更改。章程的最新版本可於聯交所及本公司網站查閱。有關股東權利的進一步詳情，股東可參考章程。

股東大會上提呈的所有決議案將根據上市規則進行投票表決，且投票表決的結果將於各股東大會結束後在聯交所及本公司網站上刊載。

## Directors' Statement

### 董事報告

The Directors are pleased to present their statement to the Shareholders together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for FY2017.

In the opinion of the Directors,

- (i) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended 31 December 2017; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in Note 43 to the financial statements.

### BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development, and the description of possible risks and uncertainties that the Group may be facing are set out in the Chairman's Statement and the Management Discussion and Analysis of this annual report. The financial risk management objectives and policies of the Group are set out in Note 41 to the financial statements. An analysis of the Group's performance during the year using financial key performance indicators is set out in the Financial Highlights of this annual report. Discussions on the Group's compliance with the relevant laws and regulations and relationships with its key stakeholders that have a significant impact on the Group are included in the Chairman's Statement, Investor Relations and Corporate Governance Report of this annual report and in this Directors' Statement.

董事欣然向股東提呈其報告連同二零一七財政年度本集團之經審核綜合財務報表以及本公司之財務狀況表及權益變動表。

董事認為，

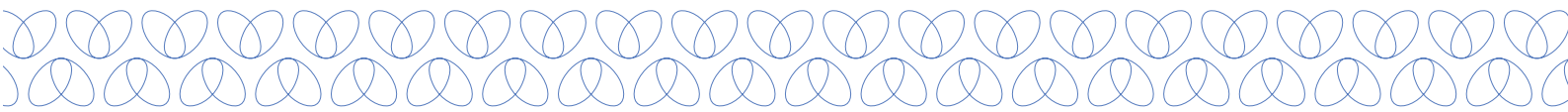
- (i) 本集團之相關綜合財務報表以及本公司之財務狀況表及權益變動表已編製，以真實而公平地反映於二零一七年十二月三十一日本集團及本公司之財務狀況和於截至二零一七年十二月三十一日止年度本集團之財務表現、權益變動及現金流量以及本公司之權益變動；及
- (ii) 於本報告日期，有合理理由相信本公司能夠清償其到期債務。

### 主要業務

本公司之主要業務為投資控股。附屬公司之主要業務之詳情載於財務報表附註43。

### 業務回顧

本年度本集團業務回顧、對本集團未來業務發展的討論，以及描述本集團可能面對的風險及不確定因素載於本年報的主席報告及管理層討論與分析。本集團的財政風險管理目標及政策載於財務報表附註41。本年度用作分析本集團表現的財務主要績效指標載於本年報的財務概要。本集團就對其有重大影響的相關法律法規的遵守和與關鍵利益相關者的關係情況的討論列於本年報的主席報告、投資者關係及企業管治報告以及本董事報告。



The Group places much importance on environmental protection, energy-saving and emission reduction, continuously processes environmental transformation of production systems, promotes the implementation of clean production, and continuously formulates and improves a series of regulation policies to improve our environmental management, laying a solid foundation for future development. Please refer to the separate 2017 Environmental, Social and Governance (“ESG”) Report of the Group, sent together with this annual report, for further details of the Group’s ESG-related risks, environmental policies and performance and other ESG information.

## RESULTS AND DIVIDENDS

The Group’s profit for the year ended 31 December 2017 and the Group’s financial position at that date are set out in the financial statements on pages 88 to 189 of this annual report.

No interim dividend was paid during the year. The Directors recommend the payment of a final dividend of RMB8.49 cents (2016: RMB4 cents) per ordinary share in respect of the year to the Shareholders whose names appear on the Register of Members on 8 June 2018. Subject to the approval of Shareholders at the 2018 AGM, the final dividend will be paid on 26 June 2018 in HKD of HKD0.103 per ordinary share.

## SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out on page 190 of this annual report.

## SHARE CAPITAL AND CONVERTIBLE BONDS

Details of the Company’s share capital and convertible bonds are set out in Notes 33 and 31 to the financial statements, respectively.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Constitution or the laws of Singapore, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

本集團高度重視環境保護與節能減排工作，持續進行生產系統環保改造，推進實施清潔生產，不斷制定並完善一系列環保管理規章制度，夯實未來發展的基礎。本集團有關環境、社會及管治的風險、環境政策及績效以及其他環境、社會及管治資料的進一步詳情，請參閱連同本年報一併寄出的本集團獨立的二零一七年環境、社會及管治（「環境、社會及管治」）報告。

## 業績及股息

本集團截至二零一七年十二月三十一日止年度的溢利及本集團於該日的財務狀況載於本年報第88至第189頁的財務報表。

本年度並無派付中期股息。董事建議就本年度向於二零一八年六月八日名列股東名冊的股東派發末期股息每股普通股人民幣8.49分（二零一六年：人民幣4分）。待股東於二零一八年股東週年大會上批准後，末期股息將於二零一八年六月二十六日以港元派付，為每股普通股0.103港元。

## 財務資料概要

本集團於過去五個財政年度的綜合業績及資產與負債概要（乃摘錄自己刊發的經審核財務報表）載於本年報第190頁。

## 股本及可換股債券

本公司的股本及可換股債券詳情分別載於財務報表附註33及31。

## 優先購買權

章程或新加坡（本公司註冊成立的司法權區）的法律並無優先購買權條文，致使本公司有責任按比例向現有股東提呈發售新股份。

## Directors' Statement

### 董事報告

#### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2017, the Company repurchased on the SEHK a total of 4,264,000 shares of the Company at a total consideration of HKD9,544,890. The repurchase of the Company's shares was made for the benefit of the Shareholders with a view to enhancing the net asset value per share and earnings per share of the Company. Such shares of the Company were cancelled on 30 August, 27 September, 12 October and 7 December 2017 respectively. Details of the share repurchases are summarized as follows:

Month of repurchase	購回月份	Total number of shares repurchased 已購回股份總數	Repurchase price per share 每股購回價		Aggregate consideration 代價總額
			Highest 最高 HKD 港元	Lowest 最低 HKD 港元	
August 2017	二零一七年八月	2,850,000	2.15	2.01	5,926,590.00
September 2017	二零一七年九月	279,000	2.45	2.08	642,640.00
November 2017	二零一七年十一月	1,135,000	2.75	2.52	2,975,660.00

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

#### DISTRIBUTABLE RESERVES

At 31 December 2017, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act, amounted to approximately RMB134,086,000 of which RMB85,500,000 has been proposed as a final dividend for the year.

#### MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for less than 20% (2016: less than 20%) of the total sales for the year. Purchases from the Group's five largest suppliers accounted for 30% (2016: 47%) of the total purchases for the year and purchases from the largest supplier included therein amounted to 9% (2016: 15%).

#### 購買、出售或贖回本公司的上市證券

截至二零一七年十二月三十一日止年度，本公司於聯交所購回合共4,264,000股本公司股份，總代價為9,544,890港元。購回本公司股份乃為股東之利益而作出，旨在提高本公司之每股資產淨值以及每股盈利。本公司的該等股份已分別於二零一七年八月三十日、九月二十七日、十月十二日及十二月七日註銷。股份購回的詳情概述如下：

除上文披露者外，截至二零一七年十二月三十一日止年度，本公司或其任何附屬公司概無購買、出售或贖回本公司的上市證券。

#### 可供分派儲備

於二零一七年十二月三十一日，本公司之可供分派儲備（根據公司法的條文規定計算）為約人民幣134,086,000元，當中人民幣85,500,000元已作為本年度建議末期股息。

#### 主要客戶及供應商

於回顧年度內，銷售予本集團五名最大客戶佔本年度總銷售額少於20%（二零一六年：少於20%）。本集團向五名最大供應商採購則佔本年度總採購額30%（二零一六年：47%），而其中向最大供應商採購則佔9%（二零一六年：15%）。

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Company has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

## CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling RMB100,000 (2016: RMB319,000).

## DIRECTORS

The Directors during the year are:

### EXECUTIVE DIRECTORS:

Liu Xingxu  
Zhang Qingjin  
Yan Yunhua

### NON-EXECUTIVE DIRECTOR:

Lian Jie

### INDEPENDENT NON-EXECUTIVE DIRECTORS:

Ong Kian Guan  
Li Shengxiao  
Ong Wei Jin

In accordance with Articles 89 and 90 of the Constitution, Mr. Zhang Qingjin, Mr. Li Shengxiao and Mr. Ong Wei Jin will retire by rotation and, being eligible, will offer themselves for re-election at the 2018 AGM.

The Company has received annual confirmation of independence from each of the independent non-executive Directors and considers them to be independent.

董事或彼等的任何緊密聯繫人或任何股東（據董事所知擁有本公司已發行股本5%以上者）概無擁有本集團五名最大客戶和供應商的任何實益權益。

## 遵守相關法律法規

據董事會所知，本公司在各重大方面均已遵守對本公司業務及營運具有重大影響的相關法律法規。

## 慈善捐款

於本年度，本集團作出慈善捐款合共人民幣100,000元（二零一六年：人民幣319,000元）。

## 董事

本年度的董事如下：

### 執行董事：

劉興旭  
張慶金  
閻蘊華

### 非執行董事：

廉潔

### 獨立非執行董事：

王建源  
李生校  
王為仁

根據章程細則第89條及第90條，張慶金先生、李生校先生及王為仁先生將輪席告退，並符合資格於二零一八年股東週年大會上膺選連任。

本公司已從各獨立非執行董事接獲年度獨立確認書，並視彼等為獨立。



## Directors' Statement

### 董事報告

#### BIOGRAPHIES OF DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARIES

Biographical details of the Directors, the senior management of the Group and the Company Secretaries are set out on pages 29 to 35 of this annual report.

#### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors or their respective spouses or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

#### DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service contract with the Company for a term of three years commencing from 28 March 2017, unless terminated in accordance with the provisions of the service contract by either party giving to the other not less than six months' prior notice in writing.

The Company has issued a letter of appointment to each of the independent non-executive Directors and the non-executive Director for a term of three years, unless terminated by either party giving to the other not less than three months' prior notice in writing.

No Director proposed for re-election at the 2018 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

#### DIRECTORS' REMUNERATION

The Directors' remuneration is subject to approval by the Remuneration Committee with reference to the Directors' duties, responsibilities and performance and the results of the Group. Details of the Directors' remuneration are set out in note 9 to the financial statements.

#### HIGHEST PAID INDIVIDUALS

During the year, the five individuals with the highest remuneration in the Group are all Directors and senior management of the Company. Details of the highest paid individuals are set out in note 10 to the financial statements.

#### 董事、高級管理層及公司秘書的履歷

董事、本集團高級管理層及公司秘書的履歷詳情載於本年報第 29 至 35 頁。

#### 董事收購股份及債權證的安排

本公司於本年度結算日或本年度內任何時間概無作為一方訂立任何安排，而其目的為（或其目的之一為）致使董事或彼等各自之配偶或未成年子女可藉收購本公司或任何其他法團的股份或債權證而獲益。

#### 董事的服務合同

各執行董事與本公司訂立服務合同，自二零一七年三月二十八日起為期三年，除非任何一方根據服務合同向另一方發出不少於六個月之事先書面通知，予以終止。

本公司已向各獨立非執行董事及非執行董事發出委任函，任期為三年，除非任何一方向另一方發出不少於三個月之書面通知，予以終止。

概無於二零一八年股東週年大會上提呈膺選連任的董事與本公司訂立不可由本公司於一年內毋須支付賠償（法定賠償除外）予以終止的服務合同。

#### 董事酬金

董事酬金須待薪酬委員會參考董事的職務、職責及表現和本集團的業績後批准，始可作實。董事酬金詳情載於財務報表附註 9。

#### 最高薪酬個人

年內，本集團五名最高薪酬個人全部為董事及本公司的高級管理層。最高薪酬個人的詳情載於財務報表附註 10。

## PERMITTED INDEMNITY PROVISION

As set out in Article 147 of the Constitution, a permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the year.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Continuing Connected Transactions" and in Note 38(a) to the financial statements, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party subsisted at the end of or at any time during the year under review.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 31 December 2017, the interests of the Directors and chief executive of the Company in shares of the Company, as recorded in the register required to be kept by the Company pursuant to Section 164 of the Companies Act and Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, were as follows:

## LONG POSITIONS 好倉

## 獲准許彌償條文

載於章程細則第147條有關惠及董事的獲准許彌償條文(按香港公司條例定義)於現在及年內均為有效。

## 董事於交易、安排或合同的權益

除「持續關連交易」一節及財務報表附註38(a)所披露外，於回顧年度結算日或年內任何時間，董事或董事的關連實體概無於本公司或其任何附屬公司所訂立對本集團業務而言屬重大的任何交易、安排或合同中直接或間接擁有重大權益。

## 董事及主要行政人員於股份的權益

於二零一七年十二月三十一日，董事及本公司主要行政人員於本公司股份中擁有記載於按公司法第164條及證券及期貨條例第352條由本公司存置的登記冊內的權益，或根據上市規則附錄十所載的標準守則須知會本公司及聯交所的權益如下：

### Number of ordinary shares interested 擁有權益的普通股數目

Name of Directors 董事姓名	Personal interests 個人權益	Corporate interests 公司權益	Total interests 總權益	Approximate percentage# of the Company's issued share capital
				佔本公司已發行股本的約百分比#
Mr. Liu Xingxu 劉興旭先生	600,000	360,207,999 (Note 附註(a))	360,807,999	36.24%
Ms. Yan Yunhua 閻蘊華女士	300,000	276,465,000 (Note 附註(b))	276,765,000	27.80%
Mr. Ong Kian Guan 王建源先生	100,000	–	100,000	0.01%

# The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2017.

# 該百分比指擁有權益的普通股數目除以本公司於二零一七年十二月三十一日的已發行股份數目。

## Directors' Statement

### 董事報告

Notes:

- (a) These shares were held by Pioneer Top Holdings Limited ("**Pioneer Top**"), an investment holding company established in the British Virgin Islands (the "**BVI**"). Mr. Liu Xingxu beneficially owned 42% of the equity interest in Pioneer Top, and held the remaining 58% of the equity interest in Pioneer Top in trust for 7 beneficiaries (including Mr. Zhang Qingjin) under a trust agreement dated 26 July 2016. Pursuant to the trust agreement, Mr. Liu Xingxu is irrevocably granted the absolute discretion to exercise the voting rights and the rights to the day-to-day management of Pioneer Top.
- (b) These shares were held by Go Power Investments Limited ("**Go Power**"), an investment holding company established in the BVI. Ms. Yan Yunhua beneficially owned 12.74% of the equity interest in Go Power, and held the remaining 87.26% of the equity interest in Go Power in trust for a total of 1,463 beneficiaries under a trust agreement dated 26 July 2016. Pursuant to the trust agreement, Ms. Yan Yunhua is irrevocably granted the absolute discretion to exercise the voting rights and the rights to the day-to-day management of Go Power.

Save as disclosed above, as at 31 December 2017, none of the Directors and chief executive of the Company nor their associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to Section 164 of the Companies Act and Section 352 of the SFO, or which has been notified to the Company and the SEHK pursuant to the Model Code.

### INTERESTS OF DIRECTORS IN COMPETING BUSINESSES

During the year and up to the date of this annual report, none of the Directors has any interest in a business which competes or may compete with the business of the Group under the Listing Rules.

### MANAGEMENT CONTRACTS

During the year, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed.

### OPTIONS

The Group has no share option scheme.

附註：

- (a) 該等股份由Pioneer Top Holdings Limited (「**Pioneer Top**」) (一間於英屬處女群島(「**英屬處女群島**」)成立之投資控股公司)持有。劉興旭先生實益擁有Pioneer Top 42%股權，並根據日期為二零一六年七月二十六日的信託協議為7名受益人(包括張慶金先生)信託持有Pioneer Top 餘下58%股權。根據該信託協議，劉興旭先生獲不可撤回地授予權利，全權酌情行使Pioneer Top的投票權及其日常管理權。
- (b) 該等股份由Go Power Investments Limited (「**Go Power**」) (一間於英屬處女群島成立之投資控股公司)持有。閻蘊華女士實益擁有Go Power 12.74%股權，並根據日期為二零一六年七月二十六日的信託協議為合共1,463名受益人信託持有Go Power 餘下87.26%股權。根據該信託協議，閻蘊華女士獲不可撤回地授予權利，全權酌情行使Go Power的投票權及其日常管理權。

除上文所披露者外，於二零一七年十二月三十一日，董事及本公司主要行政人員或彼等的聯繫人概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債權證中擁有或被視為擁有記載於按公司法第164條及證券及期貨條例第352條由本公司存置的登記冊內的任何權益或淡倉，或根據標準守則須知會本公司及聯交所的任何權益或淡倉。

### 董事於競爭業務的權益

年內及截至本年報刊發日期，根據上市規則，概無董事在任何與本集團從事的業務競爭或可能競爭的業務中擁有權益。

### 管理合同

年內，概無就有關本公司全部或大部份業務的管理及行政訂立或存在任何合同。

### 購股權

本集團並無購股權計劃。



## EQUITY-LINKED AGREEMENTS

On 27 November 2011, the Company entered into the Subscription Agreement with Nitro Capital Limited (“**Nitro**”), pursuant to which Nitro agreed to subscribe and pay for the convertible bonds of an aggregate principal amount of approximately RMB324 million due the fifth anniversary of the date of issue by the Company which bear interest of 4.5% per annum (the “**Bonds**”). The Directors were of the view that the issue of the Bonds can provide additional funds for expansion of the Group’s plant IV and Xinjiang project, and general working capital purposes. As the Company intended to engage long-term strategic investor to help further improve its corporate governance and shareholder base in the long-term perspective, the Directors also considered that Nitro can help bring in more insights from the investors’ perspective and leverage the extensive resources to explore more expansion opportunities for the Company.

As all the conditions for completion of the subscription and issue of the Bonds under the Subscription Agreement (the “**Bonds Issue**”) were satisfied, the completion of the Bonds Issue took place on 21 December 2011, and the net proceeds received by the Company were approximately RMB322 million. Nitro was entitled to convert their Bonds into ordinary shares to be allotted and issued by the Company, at any time on or after 21 December 2011 and up to the close of business on: (i) the fifth business days before 21 December 2016 (both days inclusive) unless previously redeemed or purchased and cancelled as provided in the terms and conditions of the Bonds; (ii) a date no later than 10 days prior to the date fixed for redemption thereof if the Bonds had been called for redemption by the Company before 21 December 2016; (iii) the deemed conversion date pursuant to the terms and conditions of the Bonds if the Bonds had been called for mandatory conversion; and (iv) the day prior to the giving of notice requiring redemption by Nitro if such notice had been given. Assuming full conversion of the Bonds at the initial conversion price of approximately RMB1.84 per share, the Bonds will be convertible into 176,000,000 ordinary shares of the Company.

## 股票掛鈎協議

於二零一一年十一月二十七日，本公司與 Nitro Capital Limited (「**Nitro**」) 訂立認購協議，據此，Nitro 已同意認購本公司於發行滿五週年之日到期的本金總額約人民幣 3.24 億元的可換股債券，年利率 4.5%，並支付認購款 (「**債券**」)。董事認為，發行債券可為本集團的第四廠及新疆項目擴充提供額外資金，以及作一般營運資金用途。由於本公司認為長期策略投資者加入有助進一步長遠改善其企業管治以及股東基礎，董事亦認為，Nitro 有助從投資者的角度帶來更多深入見解，並利用豐富的資源為本公司探索更多擴充機遇。

由於認購協議項下認購完成及債券發行 (「**債券發行**」) 的所有條件已獲達成，債券發行於二零一一年十二月三十一日完成，本公司的所得款項淨額為約人民幣 3.22 億元。Nitro 有權於二零一一年十二月三十一日或之後的任何時間將其債券轉換為本公司將配發及發行的普通股股份，直至 (i) 二零一六年十二月三十一日前第五個營業日 (包括首尾兩日) 營業時間結束時為止，除非先前根據債券條款及條件的規定贖回或購回及註銷；(ii) 倘本公司於二零一六年十二月三十一日前要求贖回該債券，則直至指定贖回日期前不超過十日的營業時間結束時為止；(iii) 倘債券被要求強制轉換，則直至根據債券的條款及條件於視作轉換日期的營業時間結束時為止；及 (iv) 倘 Nitro 要求贖回的通知已經發出，則直至發出該通知日期前一天營業時間結束時為止。假設債券按初始轉換價每股約人民幣 1.84 元獲悉數轉換，債券將獲轉換為 176,000,000 股本公司普通股股份。

## Directors' Statement

### 董事報告

Prior to the original maturity date of the Bonds of 21 December 2016, the Company was approached by Nitro about extension of the maturity date of the Bonds as Nitro had noted the prices at which the shares were trading and the possible further downward pressure on the market price of the shares if the Bonds were to mature and be converted into shares in the immediate future. In consideration of the Company agreeing to the extension, Nitro agreed to lower the annual interest rate of the Bonds. As the Company shared the same concerns with Nitro, the Directors believed that it would be in the interests of the Shareholders as whole to defer the conversion of the Bonds and the potential disposal of shares following such conversion to a later time, while lowering the interest rate of the Bonds.

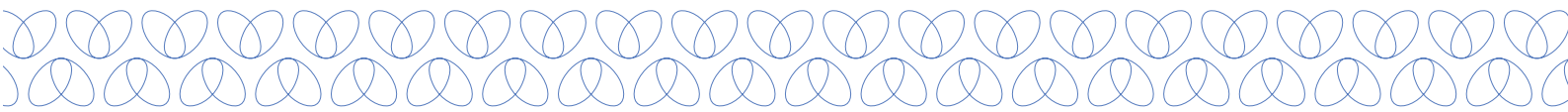
On 14 December 2016, the Company and Nitro entered into the Amendment Agreement to, among other things, extend the maturity date and lower the interest rate of the Bonds. The completion of the Amendment Agreement was conditional upon, amongst other things, approval of the SEHK having been obtained for the listing of, and permission to deal in, the ordinary Shares to be allotted and issued by the Company (the **"New Conversion Shares"**) upon conversion of the Bonds as amended and restated under the Amendment Agreement (the **"Restated Bonds"**).

The completion of the Amendment Agreement took place on 20 December 2016 upon the satisfaction of the conditions thereof. The Restated Bonds due 21 December 2018, which bear an interest rate of 2% per annum subsequent from (and including) 20 December 2016 to (and excluding) 21 December 2018, were issued by the Company to Nitro. No additional fund was raised by the issue of the Restated Bonds. Nitro was entitled to convert their Restated Bonds into New Conversion Shares, at any time on or after 20 December 2016 and up to the close of business on: (i) the fifth business days before 21 December 2018 (both days inclusive) unless previously redeemed or purchased and cancelled as provided in the terms and conditions of the Restated Bonds; (ii) the deemed conversion date pursuant to the terms and conditions of the Restated Bonds if the Restated Bonds had been called for mandatory conversion; and (iii) the day prior to the giving of notice requiring redemption by Nitro if such notice had been given. Assuming that the Restated Bonds will be converted in full at the conversion price of approximately RMB1.84 per New Conversion Share, an aggregate of approximately 176,000,000 ordinary shares of the Company will be issued.

於債券原定到期日二零一六年十二月二十一日前，Nitro就延長債券到期日接洽本公司，因Nitro注意到股份的成交價，以及如債券近期到期並轉換為股份，可能對股份市價帶來進一步下跌壓力。作為本公司同意該延長的代價，Nitro同意將債券的年利率降低。由於本公司亦與Nitro有相同擔憂，董事相信，將轉換債券及於該轉換後可能出售股份延遲至較後時間，同時降低債券利率，符合股東的整體利益。

於二零一六年十二月十四日，本公司與Nitro訂立修訂協議，以(其中包括)延長債券到期日及降低債券利率。修訂協議須待(其中包括)取得聯交所批准根據修訂協議修訂及重列之債券(「**經重述債券**」)轉換後本公司將配發及發行的普通股股份(「**新轉換股份**」)上市及買賣後，方告完成。

修訂協議在該協議之條件達成後於二零一六年十二月二十日完成，將於二零一八年十二月二十一日到期，由(及包括)二零一六年十二月二十日至(不包括)二零一八年十二月二十一日年利率2%的經重述債券已由本公司向Nitro發行。發行經重述債券不會籌集額外資金。Nitro有權於二零一六年十二月二十日或之後的任何時間將其經重述債券轉換為新轉換股份，直至(i)二零一八年十二月二十一日前第五個營業日(包括首尾兩日)營業時間結束時為止，除非先前根據經重述債券條款及條件的規定贖回或購回及註銷；(ii)倘經重述債券被要求強制轉換，則直至根據經重述債券的條款及條件於視作轉換日期的營業時間結束時為止；及(iii)倘Nitro要求贖回的通知已經發出，則直至發出該通知日期前一天營業時間結束時為止。假設經重述債券按轉換價每股新轉換股份約人民幣1.84元獲悉數轉換，將發行合共176,000,000股本公司普通股股份。



Subsequent to the year end, on 16 January 2018, Nitro sold approximately RMB116.8 million principal amount of the Restated Bonds, which are convertible into an aggregate of approximately 63,360,000 ordinary shares at the initial conversion price of RMB1.84 per New Conversion Share, to Pioneer Top and certain other investors (the “**Certain Investors**”) who are not connected persons of the Company at an aggregate consideration of HKD190.08 million. Pursuant to such arrangements, Pioneer Top would eventually hold approximately RMB97.3 million principal amount of the Restated Bonds and the Certain Investors would in aggregate hold approximately RMB19.5 million principal amount of the Restated Bonds.

Subsequently, the Company received notices from the Certain Investors for the exercise of the conversion rights attached to the Restated Bonds in the aggregate principal amount of approximately RMB19.5 million at the initial conversion price of approximately RMB1.84 per New Conversion Share. A total of 10,560,000 ordinary shares of the Company were allotted and issued to the Certain Investors on 2 and 7 March 2018.

Therefore, as at the date of this report, assuming that the remaining Restated Bonds will be converted in full at the initial conversion price of approximately RMB1.84 per conversion share, an aggregate of approximately 165,440,000 ordinary shares of the Company will be issued.

Further details of the Bonds/Restated Bonds are included in note 31 to the financial statements and in the announcements of the Company dated 28 November 2011, 19 December 2011, 21 December 2011, 14 December 2016, 20 December 2016, 16 January 2018 and 17 January 2018.

Save as disclosed above, no other equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the year or subsisted at the end of the year.

年末後，於二零一八年一月十六日，Nitro向Pioneer Top及並非本公司關連人士之若干其他投資者（「**若干投資者**」）出售本金額約人民幣116,800,000元的經重述債券，可按初始轉換價每股新轉換股份人民幣1.84元轉換為合共約63,360,000股普通股，總代價為190,080,000港元。根據有關安排，Pioneer Top最終持有本金額約為人民幣97,300,000元的經重述債券，而若干投資者合共持有本金額約為人民幣19,500,000元的經重述債券。

其後，本公司收到若干投資者之通知書，以按初始轉換價每股新轉換股份約人民幣1.84元行使本金總額約為人民幣19,500,000元之經重述債券所附之轉換權。本公司已於二零一八年三月二日及七日向若干投資者配發及發行合共10,560,000股普通股。

因此，於本報告日期，假設餘下經重述債券將按初始轉換價每股轉換股份約人民幣1.84元獲悉數轉換，則本公司將發行合共約165,440,000股普通股。

債券／經重述債券之進一步詳情載於財務報表附註31以及本公司日期為二零一一年十一月二十八日、二零一一年十二月十九日、二零一一年十二月二十一日、二零一六年十二月十四日、二零一六年十二月二十日、二零一八年一月十六日及二零一八年一月十七日之公告。

除上文所披露者外，年內或於年結日本公司並無訂立其他將會或可能導致本公司發行股份的股票掛鈎協議，或要求本公司訂立將會或可能導致本公司發行股份的任何協議。

## Directors' Statement

### 董事報告

#### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2017, the following parties had interests of 5% or more in the issued shares and underlying shares of the Company according to the register of interests required to be kept by the Company pursuant to Section 88 of the Companies Act and Section 336 of the SFO:

#### LONG POSITIONS 好倉

#### 主要股東於股份及相關股份的權益

於二零一七年十二月三十一日，按本公司根據公司法第88條及證券及期貨條例第336條須存置的權益登記冊，下列各方於本公司已發行股份及相關股份擁有5%或以上的權益：

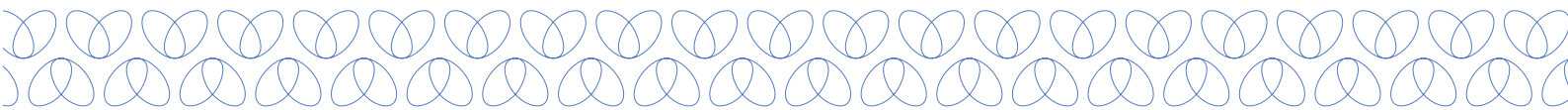
Name of substantial Shareholders 主要股東名稱	Capacity 身份	Number of issued ordinary shares interested 擁有權益的已發行普通股數目	Number of underlying shares upon conversion of the convertible bonds 轉換可換股債券時的相關股份數目	Total interests 總權益	Approximate percentage of ordinary shares/ underlying shares over the Company's issued share capital 佔本公司已發行股本中的普通股／相關股份的概約百分比
Pioneer Top (Note 附註 (a))	Beneficial owner 實益擁有人	360,207,999	–	360,207,999	36.18%*
Go Power (Note 附註 (b))	Beneficial owner 實益擁有人	276,465,000	–	276,465,000	27.76%*
Nitro (Note 附註 (c))	Beneficial owner 實益擁有人	–	176,000,000	176,000,000	15.02%**

\* The percentage represents the number of issued ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2017.

\* 該百分比指擁有權益的已發行普通股數目除以本公司於二零一七年十二月三十一日的已發行股份數目。

\*\* The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 31 December 2017, as enlarged by the number of shares supposed to be issued after full conversion of the convertible bonds.

\*\* 該百分比指擁有權益的相關股份數目除以本公司於二零一七年十二月三十一日的已發行股份數目，而本公司已發行股份數目經於悉數轉換可換股債券後擬發行之股份的數目擴大。



Notes:

- (a) Pioneer Top is an investment holding company established in the BVI. Mr. Liu Xingxu beneficially owned 42% of the equity interest in Pioneer Top, and held the remaining 58% of the equity interest in Pioneer Top in trust for 7 beneficiaries under a trust agreement dated 26 July 2016, including 7% for Mr. Zhang Qingjin, an executive Director and the Company's Chief Executive Officer; 7% for Mr. Li Yushun and 7% for Mr. Wang Nairen, the Company's senior management; 7% for Mr. Ru Zhengtao, 7% for Mr. Zhu Xingye (retired) and 7% for Mr. Shang Dewei, the Company's employees; and 16% for Mr. Li Buwen, a former executive Director. Mr. Liu Xingxu has the absolute discretion to exercise the voting rights held by Pioneer Top in the Company in accordance with the trust agreement. Such interest held by Pioneer Top has also been disclosed as the interest of Mr. Liu Xingxu in the above section headed "Directors' and Chief Executive's Interests in Shares".
- (b) Go Power is an investment holding company established in the BVI. Ms. Yan Yunhua beneficially owned 12.74% of the equity interest in Go Power, and held the remaining 87.26% of the equity interest in Go Power in trust for a total of 1,463 beneficiaries under a trust agreement dated 26 July 2016. Ms. Yan Yunhua has the absolute discretion to exercise the voting rights held by Go Power in the Company in accordance with the trust agreement. Such interest held by Go Power has also been disclosed as the interest of Ms. Yan Yunhua in the above section headed "Directors' and Chief Executive's Interests in Shares".
- (c) Nitro is an investment holding company established in the Cayman Islands and is a wholly-owned subsidiary of Primavera Capital (Cayman) Fund I L.P.

Save as disclosed above, as at 31 December 2017, no person, other than the Directors whose interests are set out in the section headed "Directors' and Chief Executive's Interests in Shares" above, had an interest or a short position in the shares, underlying shares or debentures of the Company that was required to be recorded in the register maintained by the Company pursuant to Section 88 of the Companies Act and Section 336 of the SFO.

附註：

- (a) Pioneer Top 乃於英屬處女群島成立之投資控股公司。劉興旭先生實益擁有 Pioneer Top 42% 股權，並根據日期為二零一六年七月二十六日的信託協議為 7 名受益人信託持有 Pioneer Top 餘下 58% 股權，該 7 名受益人包括執行董事及本公司首席執行官張慶金先生 (7%)；本公司的高級管理層李玉順先生 (7%) 及王乃仁先生 (7%)；本公司的僱員茹正濤先生 (7%)、朱性業先生 (已退休) (7%) 及尚德偉先生 (7%)；以及前執行董事李步文先生 (16%)。根據該信託協議，劉興旭先生可全權酌情行使 Pioneer Top 於本公司持有的投票權。Pioneer Top 持有的該權益亦在上文「董事及主要行政人員於股份的權益」一節披露為劉興旭先生的權益。
- (b) Go Power 乃於英屬處女群島成立之投資控股公司。閻蘊華女士實益擁有 Go Power 12.74% 股權，並根據日期為二零一六年七月二十六日的信託協議為合共 1,463 名受益人信託持有 Go Power 餘下 87.26% 股權。根據該信託協議，閻蘊華女士可全權酌情行使 Go Power 於本公司持有的投票權。Go Power 持有的該權益亦在上文「董事及主要行政人員於股份的權益」一節披露為閻蘊華女士的權益。
- (c) Nitro 乃於開曼群島成立之投資控股公司，並為春華資本集團 (開曼) 一號基金的全資附屬公司。

除上文所披露者外，於二零一七年十二月三十一日，除於上文「董事及主要行政人員於股份的權益」一節所載董事的權益外，概無人士於本公司的股份、相關股份或債權證中擁有按公司法第 88 條及證券及期貨條例第 336 條須記載於由本公司存置的登記冊內的權益或淡倉。

## Directors' Statement

### 董事報告

#### CONTRACTS OF SIGNIFICANCE

No contracts of significance were entered into between the Company or any of its subsidiaries and the controlling Shareholder or any of its subsidiaries during the year.

#### CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had the following continuing connected transactions, which are the related party transactions set out in note 38(a) to the financial statements that constituted continuing connected transactions, and has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

As at 31 December 2017, Mr. Liu Xingxu, Ms. Yan Yunhua and Mr. Zhang Qingjin (being executive Directors) collectively held an aggregate of approximately 10.6% interest in XLX Chem, and together are the largest shareholder of XLX Chem and have the largest influence through their shareholders' rights on the major decisions in XLX Chem. Therefore, XLX Chem, its subsidiaries and associates (collectively "XLX Chem Group") are deemed as the Company's connected persons under Rule 14A.07 of the Listing Rules.

#### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

##### (I) UTILITIES SUPPLY AGREEMENT

The Group entered into the Utilities Supply Agreement on 30 December 2016 with XLX Chem Group, pursuant to which Henan XLX agreed to supply water, electricity and steam to XLX Chem Group. This arrangement helps the Group to improve the utilisation of its utilities facilities, and the additional income received from providing such utilities to XLX Chem Group can be used to reduce the overall maintenance, labour and management costs to the Group of maintaining such facilities. Pursuant to the agreement, the price for the supply of electricity is determined on the basis of actual usage as recorded in the relevant meters with reference to the price set out by the PRC government or relevant authorities; and the price for supply of water and steam is determined on the basis of actual usage as recorded in the relevant meters with reference to the actual costs plus a 10% mark-up.

#### 重大合約

於本年度，本公司或其任何附屬公司並無與任何控股股東或其附屬公司訂立任何重大合約。

#### 持續關連交易

於本年度，本集團已進行以下持續關連交易（為載於財務報表附註38(a)構成持續關連交易的關連方交易），並已遵守上市規則第14A章的披露規定。

於二零一七年十二月三十一日，劉興旭先生、閻蘊華女士及張慶金先生（執行董事）共同持有心連心化工合共約10.6%權益，而彼等共同為心連心化工的最大股東及通過其股東權利對心連心化工的主要決定具有重大影響。因此，根據上市規則第14A.07條，心連心化工、其附屬公司及聯營公司（統稱為「心連心化工集團」）均被視為本公司關連人士。

#### 不獲豁免持續關連交易

##### (I) 水電及蒸汽供應協議

本集團已於二零一六年十二月三十日與心連心化工集團訂立水電及蒸汽供應協議，據此，河南心連心同意向心連心化工集團供應水電及蒸汽。此安排有助本集團提高水電及蒸汽設施的使用率，並從心連心化工集團取得額外收入，可用於減少本集團維護該等設施的整體維修、人力及管理成本。根據該協議，電力供應價格參考中國政府或相關部門規定的價格根據相關儀錶記錄的實際用量釐定；水及蒸汽供應價格參考實際成本加10%標價根據相關儀錶記錄的實際用量釐定。

The Utilities Supply Agreement has a term commencing from 1 January 2017 up to and including 31 December 2019. The Group has set the annual cap for the income received by the Group from XLX Chem Group under the agreement at RMB3,000,000 for FY2017.

For the year ended 31 December 2017, the aggregate amount received by the Group from XLX Chem Group for the sales of water, electricity and steam amounted to approximately RMB1,373,000 and has been accounted for as other income in the Group's consolidated statement of profit or loss and other comprehensive income.

## (II) EQUIPMENT PURCHASE AGREEMENT

The Group entered into the Equipment Purchase Agreement on 30 December 2016 with XLX Chem Group, pursuant to which XLX Chem Group agreed to supply and provide the relevant installation services for equipment, including pipes, vessels and pressure vessels, to Henan XLX. Accordingly, the Group benefits from reliable and timely delivery of equipment and cost effectiveness. Pursuant to the agreement, the prices for equipment purchases are determined by the Group's internal qualification and tendering procedures with potential suppliers of equipment, which vary depending on the product type, quantity and quality specifications as required by Henan XLX.

The Equipment Purchase Agreement has a term commencing from 1 January 2017 up to and including 31 December 2019. The Group has set the annual cap for the amount paid by the Group to XLX Chem Group for the purchases of equipment under the agreement at RMB45,000,000 for FY2017.

For the year ended 31 December 2017, the aggregate amount paid by the Group for the purchases of equipment from XLX Chem Group was approximately RMB36,891,000 which has been included in spare parts inventories in the Group's consolidated statement of financial position.

水電及蒸汽供應協議的期限自二零一七年一月一日開始，直至二零一九年十二月三十一日(包括該日)。本集團已就本集團根據該協議向心連心化工集團收取的收入，將二零一七財政年度的年度上限釐定為人民幣3,000,000元。

截至二零一七年十二月三十一日止年度，本集團就銷售水電及蒸汽從心連心化工集團收取的總額為約人民幣1,373,000元，已作為其他收入計入本集團的綜合損益及其他全面收益表。

## (II) 設備購買協議

本集團已於二零一六年十二月三十日與心連心化工集團訂立設備購買協議，據此，心連心化工集團同意向河南心連心提供設備及相關安裝服務，包括管道、容器及壓力容器。因此，本集團受益於可靠且及時的設備交付及成本效益。根據該協議，設備購買價格由本集團與潛在設備供應商的內部資格及招標程序釐定，根據河南心連心需要的產品種類、數量及質素規格有所變動。

設備購買協議的期限自二零一七年一月一日開始，直至二零一九年十二月三十一日(包括該日)。本集團已就本集團根據該協議就購買設備向心連心化工集團支付的金額，將二零一七財政年度的年度上限釐定為人民幣45,000,000元。

截至二零一七年十二月三十一日止年度，本集團就購買設備向心連心化工集團已付總額約為人民幣36,891,000元，有關金額已計入本集團綜合財務狀況表的備用零件存貨。

## Directors' Statement

### 董事報告

#### (III) GENERAL LEASE AGREEMENT AND LEASE RENEWAL AGREEMENT

The Group entered into the General Lease Agreement on 21 August 2013 with XLX Chem Group, pursuant to which XLX Chem Group agreed to lease certain living quarters with an aggregate area of 138,134.89 square meters located at XLX Chem West Courtyard Living Quarters, Xiaoji Town, Xinxiang City, Henan, China (中國河南新鄉市小冀鎮心連心化工西院生活區) to Henan XLX. The living quarters include industrial kitchens, canteens, staff dormitories, warehouses and apartments, which can provide the general staff of Henan XLX with convenient residential facilities and reduce the time required for daily work commute. Pursuant to the agreement, the monthly lease amount is determined with reference to prevailing market rates of similar premises in Henan Province. The General Lease Agreement has a term commencing from 19 August 2013 up to and including 18 August 2016.

In order to continue to take advantage of the strategic location of the accommodation and catering facilities of XLX Chem, which are in proximity to the Group's production factories, the General Lease Agreement was renewed by virtue of the Lease Renewal Agreement on 18 August 2016 with a term of three years commencing from 19 August 2016 and ending on 18 August 2019 (both days inclusive). The Group has set the fixed monthly lease paid by the Group to XLX Chem Group at RMB186,600 in respect of the Lease Renewal Agreement (i.e. RMB2,239,200 as the annual cap for FY2017).

For the year ended 31 December 2017, the lease paid by the Group to XLX Chem Group was approximately RMB2,239,200 which has been accounted for as general and administrative expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

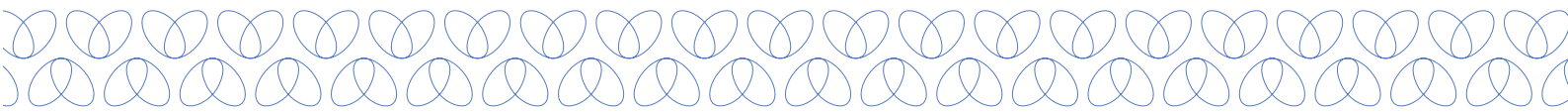
#### (III) 一般租賃協議及續租協議

本集團已於二零一三年八月二十一日與心連心化工集團訂立一般租賃協議，據此，心連心化工同意向河南心連心出租若干總面積為138,134.89平方米的生活區，生活區位於中國河南新鄉市小冀鎮心連心化工西院生活區。生活區包括工業廚房、食堂、員工宿舍、倉庫及公寓，為河南心連心一般員工提供便利住宿設施及減少日常工作通勤所需時間。根據該協議，每月租金根據河南省類似物業市場現時市價釐定。一般租賃協議的年期自二零一三年八月十九日開始，直至二零一六年八月十八日(包括該日)。

為繼續利用位於本集團生產工廠附近的心連心化工住宿及餐飲設施的戰略位置優勢，一般租賃為續租協議於二零一六年八月十八日續期，自二零一六年八月十九日起至二零一九年八月十八日止(包括首尾兩日)，為期三年。本集團已就續租協議釐定由本集團支付予心連心化工集團的固定月租人民幣186,600元(二零一七財政年度的年度上限為人民幣2,239,200元)。

截至二零一七年十二月三十一日止年度，本集團支付予心連心化工集團的租金為約人民幣2,239,200元，已作為一般及行政開支計入本集團的綜合損益及其他全面收益表。





The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that these continuing connected transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or on terms no less favourable to the Group than terms available from independent suppliers; and
- (3) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Ernst & Young LLP, the Company's auditor, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young LLP have issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the SEHK.

## **BANK LOANS AND OTHER BORROWINGS**

Details of the bank loans and other borrowings of the Group are set out in Note 29 to the financial statements.

## **SUBSIDIARIES**

Details of the Company's subsidiaries are set out in Note 43 to the financial statements.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public at the date of this report.

獨立非執行董事已審閱上述持續關連交易，並確認該等持續關連交易：

- (1) 於本集團一般及日常業務過程中進行；
- (2) 按一般商業條款或不遜於獨立供應商向本集團提供之條款進行；及
- (3) 根據有關協議的條款進行，該等條款為公平及合理，並符合股東整體利益。

本公司核數師安永會計師事務所已獲委聘根據香港會計師公會頒佈的《香港審驗應聘服務準則3000》的「歷史財務資料審計或審閱以外的審驗應聘」並參照《實務說明》第740號「關於《香港上市規則》所述持續關連交易的核數師函件」就本集團持續關連交易提交報告。安永會計師事務所已根據上市規則第14A.56條就本集團於上文披露的持續關連交易發出載有其調查結果和結論的無保留意見函件。核數師函件副本已由本公司向聯交所提交。

## **銀行貸款及其他借款**

本集團的銀行貸款及其他借款詳情載列於財務報表附註29。

## **附屬公司**

本公司附屬公司詳情載於財務報表附註43。

## **充足公眾持股量**

根據本公司獲得的公開資料及據董事所知悉，於本報告刊發日期，本公司的已發行股本總數中至少25%由公眾人士持有。

## Directors' Statement

### 董事報告

#### RESPONSIBILITIES OF DIRECTORS ON FINANCIAL STATEMENTS

The Companies Act requires the Directors to prepare financial statements for each financial year. These financial statements should give a true and fair view of the financial position of the Group as at the end of the reporting period of a particular year and on the financial performance of the Group for the year then ended. In preparing the financial statements, the Directors should:

- (a) select and apply consistently appropriate accounting policies, and make prudent, fair and reasonable judgement and estimation;
- (b) report the reasons for any serious deviation from accounting practice; and
- (c) prepare the financial statements on a going concern basis, unless it is inappropriate to assume that the Group could continue to operate.

The Directors are responsible for the proper keeping of accounting records in order to secure the assets of the Company and the Group. The Directors are also responsible for adopting reasonable measures to prevent and check any fraudulences and irregularities.

#### AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as the auditor of the Company.

On behalf of the Board:

**Liu Xingxu**  
Director

**Yan Yunhua**  
Director

19 March 2018

#### 董事就財務報表須承擔的責任

公司法規定董事須就每個財政年度編製財務報表。該等財務報表須真實與公平地列報本集團於某年度申報期間結算日的財政狀況及本集團截至該日止年度的財務表現。在編製該等財務報表時，董事應：

- (a) 挑選及貫徹運用適當的會計政策，並作出審慎、公平及合理的判斷及估計；
- (b) 匯報嚴重偏離任何會計常規的原因；及
- (c) 以持續經營基準編製財務報表，除非假設本集團能持續經營為不恰當。

董事負責妥善保存會計記錄，以保護本公司和本集團的資產。董事亦負責採納合理措施，防止及檢查任何欺詐及失當行為。

#### 核數師

安永會計師事務所已表明願意接納續聘為本公司核數師。

代表董事會：

**董事**  
**劉興旭**

**董事**  
**閻蘊華**

二零一八年三月十九日

# Independent Auditor's Report

獨立核數師報告



To the members of China XLX Fertiliser Ltd

(Incorporated in Singapore with limited liability)

## OPINION

We have audited the financial statements of China XLX Fertiliser Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2017, the statements of changes in equity of the Group and the Company and the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows of the Group for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and International Financial Reporting Standards in Singapore ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

致中國心連心化肥有限公司全體股東

(於新加坡註冊成立的有限公司)

## 意見

我們已審核中國心連心化肥有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的財務報表，當中包括二零一七年十二月三十一日的貴集團及貴公司財務狀況表，及截至該日止年度的貴集團及貴公司權益變動表、貴集團綜合損益及其他全面收益表及綜合現金流量表以及包括主要會計政策概要的綜合財務報表附註。

我們認為，貴集團綜合財務報表，連同貴公司財務狀況表及權益變動表，已按照新加坡公司法(「該法案」)第50章及國際財務報告準則(「IFRSs」)妥為編制，以真實及公平地反映於二零一七年十二月三十一日貴集團的綜合財務狀況，及截至該日止年度的貴集團綜合財務表現、綜合權益變動及綜合現金流量狀況。

## 意見基礎

我們按照國際核數準則(「國際核數準則」)進行審核工作。我們在該等標準下的責任已詳述於報告中「核數師就審核綜合財務報表承擔的責任」部分。依據會計與企業管理局(「ACRA」)「註冊會計師和會計公司的職業行為準則和道德規範」(「ACRA準則」)及與我們在新加坡的財務報表審核相關的職業道德規範，我們是獨立於貴集團的。我們已遵循該等規範及ACRA準則履行職業道德責任。我們相信，我們所獲得的審核證據充足且適當地為我們的意見提供基礎。

# Independent Auditor's Report

## 獨立核數師報告

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### IMPAIRMENT ASSESSMENT OF GOODWILL

As at 31 December 2017, the goodwill allocated to the coal mining cash-generating unit ("CGU") is carried at RMB 25,361,000, representing 0.70% of the total net assets of the Group. Management determined the recoverable amount of this CGU based on value in use calculations using cash flow projections covering a 30-year period. Based on the annual impairment testing, no impairment charge was recognised during the financial year.

As disclosed in Note 16 to the consolidated financial statements, the cash flow projections included key assumptions on budgeted gross margin, raw material price, commodity price and pre-tax discount rate. Management estimated the budgeted gross margin based on the average gross margin achieved in the year immediately before the budget year adjusted for expected efficiency improvements and expected market developments. The raw material and commodity prices are based on forecast price indices. The discount rate used takes into consideration the specific risks relating to the CGU. We determined this to be a key audit matter because the impairment assessment was complex and involved significant management judgement.

### 主要審核事宜

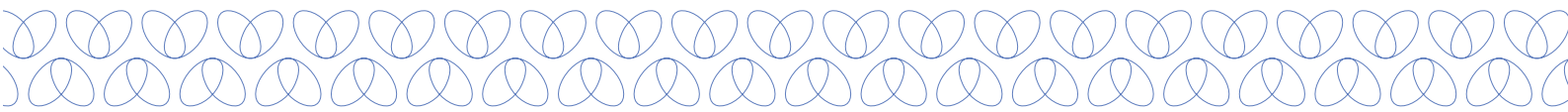
主要審核事宜是我們根據專業判斷所決定，在當前時期財務報表審核中最重要的事宜。我們在財務報表審核過程中將該等事宜作為一個整體來對待，並由此形成我們的意見。我們並不對該等事宜各自作出意見。以下我們將分別闡述我們是如何對下述各項事宜進行審核。

我們已履行在報告中「核數師就審核綜合財務報表承擔的責任」部分提出的責任，其中包括與該等事宜有關的職責。因此，我們的審核包括用於我們對財務報表存有重大錯誤陳述風險的評估程序。我們的審核程序所獲得的結果，包括針對以下事宜的程序，可為我們對於隨附的綜合財務報表的審核意見提供基礎。

### 商譽的減值評估

於二零一七年十二月三十一日，分配予煤礦開採現金產生單位（「CGU」）的商譽達到人民幣25,361,000元，佔貴集團淨資產總值的0.70%。管理層按使用價值計算釐定此現金產生單位的可收回金額，而使用價值乃採用涵蓋30年期間的現金流量預測計算。根據年度減值測試，於本財政年度內並無確認減值撥備。

如綜合財務報表附註16所披露的，現金流量預測包括有關預算毛利率、原材料價格、商品價格及除稅前折現率的關鍵假設。管理層按緊接預算年度之前年度的已得平均毛利率為基準估計預算毛利率，並就預期效率改進及預期市場發展而作出調整。原材料價格及商品價格乃基於預報價格指數。採用的折現率已考慮與現金產生單位有關的特殊風險。我們認為這是一項主要審核事宜，因為減值評估較為複雜且涉及重要的管理層判斷。



As part of our audit, we checked that the cash flow projections were based on approved management budgets that reflected business plans. We involved our internal valuation specialists to assist us in assessing the valuation method used by management and evaluating certain key assumptions used in the cash flow projections. We evaluated the assumptions used by comparing the budgeted gross margin to historical data, comparing the raw material price and commodity price to external observable data, and assessing the reasonableness of the discount rate used by the management. We assessed the sensitivity of the goodwill balance to changes in the certain key assumptions. We also focused on the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The note disclosures on goodwill, key assumptions and sensitivities are included in Note 16 to the consolidated financial statements.

#### IMPAIRMENT ASSESSMENT OF COAL MINING RIGHTS

During the year ended 31 December 2017, the Group performed impairment assessment on the coal mining rights of RMB90,684,000 which represented 2.49% of the total net assets of the Group.

The impairment assessment involved significant management assumptions and estimation that are affected by future market and economic conditions. Management determined the recoverable amounts of coal mining rights based on value in use calculations using discounted cash flows. The estimation of recoverable amounts of the coal mining rights is dependent on macro-economic assumptions of future coal prices, future coal output, discount rate used in the cash flow projections and projection on operating costs. The estimation of the coal mine reserve is an inherent industry risk due to the technical complexity in assessing the coal quantity and the subjective management judgements involved in the estimation. Based on the impairment test, management assessed that the coal mining rights were not impaired as at 31 December 2017. As impairment assessment of the coal mining rights are inherently complex and required management to exercise judgement, we determined this to be a key audit matter.

As part of our audit, we involved our internal valuation specialists to assist us in assessing the valuation method used by the management and evaluating certain key assumptions used in the impairment analysis. We assessed and tested the key assumptions by comparing future coal prices and other internal assumptions to historical data as well as the economic and industry forecast. Further, we assessed the reasonableness of the discount rate used by the management. We analysed the sensitivity of the coal mining rights balance to changes in the respective assumptions. We also have assessed the adequacy of the disclosure made on the impairment assessment of coal mining right in Note 17 to the consolidated financial statements.

作為審核的一部分，我們根據經批准的管理預算（反映業務計劃）核查現金流量預測。我們已邀請我們的內部評估專家協助我們評估管理層使用的估值方法，以及評估現金流量預測所使用的若干關鍵假設。我們透過將預算毛利率與歷史資料比較、將原材料價格及商品價格與外部可觀察數據比較評估所使用的假設，以及評估管理層所用折現率的合理性。我們評估若干主要假設變動情況下商譽結餘的敏感度。我們亦專注於有關對減值測試結果最為敏感的主要假設的附註披露的充分性。該等關於商譽、主要假設及敏感度的附註披露載於綜合財務報表附註 16。

#### 煤礦開採權的減值評估

截至二零一七年十二月三十一日止年度，貴集團已執行價值人民幣 90,684,000 元的煤礦開採權的減值評估，佔本集團淨資產總額 2.49%。

減值評估涉及受未來市場及經濟狀況影響的重大管理假設及估計。管理層根據使用折現現金流量計算的使用價值釐定煤礦開採權的可收回金額。煤礦開採權可收回金額估計取決於對未來煤炭價格、未來煤炭產量、現金流量預測中使用的折現率及與經營成本預測所作出的宏觀經濟假設。煤礦儲藏量的估計為固有行業風險，乃由於評估煤炭數量及主觀管理判斷估計的技術複雜性。基於減值測試，管理層評估得出，煤礦開採權於二零一七年十二月三十一日未出現減值。由於煤炭採礦權的減值評估具有內在的複雜性及要求管理層進行判斷，我們將其定為主要審核事宜之一。

作為審核的一部分，我們已邀請我們的內部評估專家協助我們評估管理層的估值方法及減值分析中的若干關鍵假設。我們通過將未來煤價及其他內部假設與歷史數據以及經濟及行業預測比較來評估及測試主要假設。此外，我們已評估管理層所用折現率的合理性。我們已分析煤礦開採權結餘對各自假設變動的敏感度。在綜合財務報表附註 17 中，我們亦已評估對煤礦開採權的減值評估之披露的充分性。



## Independent Auditor's Report

### 獨立核數師報告

#### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the provisions of the Act and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

#### 載於年報的其他資訊

貴公司董事需對其他資訊負責。其他資訊包括年度報告中所含資訊，惟不包括綜合財務報表和我們的核數師報告。

我們對財務報表的意見不包括其他資訊，並且我們不會作出與之相關的任何形式的確切結論。

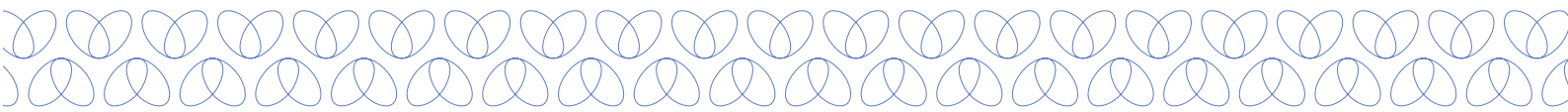
至於我們對綜合財務報表的審核，我們的責任是透過閱讀其他資訊，從而判斷其他資訊是否與綜合財務報表存在重大抵觸以及我們在審核或其他過程中所獲得的知識是否出現重大錯誤陳述。如果基於我們所做的工作，我們得出該其他資訊存在重大錯誤陳述的結論，則我們必須報告該事實。在這方面，我們沒有任何報告。

#### 管理層及董事就綜合財務報表須承擔的責任

貴公司董事須負責根據該法案及國際財務報告準則編制提供真實及公平意見的綜合財務報表，以及制定並維持能夠有效合理保證資產不因越權使用或處分而遭受損失的內部會計控制系統；以及交易得到合理授權並根據必要對其作出記錄以准許編制真實及公平的財務報表及維持資產問責。

在綜合財務報表的編制中，貴公司董事須負責評估貴集團持續經營的能力及適當公開與持續經營相關的情況以及使用會計持續經營基礎，除非管理層意圖對貴集團進行清算或者停止運作，或除此之外無其他可行方案。

董事的責任包括監督貴集團的財務報告流程。



## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## 核數師就審核綜合財務報表承擔的責任

我們致力於獲得關於綜合財務報表作為整體不存在任何重大錯誤陳述的合理確信，不論是否因欺詐或錯誤引起，以及發出包括我們意見的核數師報告。我們就本報告的內容不對任何其他人士承擔責任或負責。

合理確信屬於高等級的確信，但不能保證依據國際審核準則作出的審核總是能夠檢測出存在的重大錯誤陳述。錯誤陳述可能是由欺詐或錯誤引起的，並且，如果該等錯誤陳述獨立或在合計中影響到根據該等綜合財務報表作出經濟決定的使用者，則會被視為重大錯誤陳述。

作為依據國際審核準則所作審核的一部分，我們作出專業的判斷並在審核過程中保持專業的懷疑態度。我們亦：

- 區別及評估綜合財務報表存在重大錯誤陳述的風險，不論是由欺詐或錯誤引起的，以及獲得充足且適當的審核證據為我們的審核意見提供基礎。未檢測出由欺詐引起的重大錯誤陳述的風險比由錯誤引起的重大錯誤陳述高，因為欺詐可能包括串通、偽造、故意遺漏、失實或內部控制失控。
- 瞭解與審核相關的內部控制，從而設計適當的審核程序，但並非對貴集團內部控制的有效性發表意見。
- 評價管理層所採用會計政策的合適性及作出會計估計和相關披露的合理性。

## Independent Auditor's Report

### 獨立核數師報告

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 推斷管理層使用會計持續經營基礎的合適性以及基於所獲的審核證據，推斷是否存在與可能導致對貴集團持續經營能力產生懷疑的事件或情況相關的重大不確定性。如果我們推斷存在重大不確定性，我們須在核數師報告中提及有關財務報表中的相關披露，如果該等披露並不充分，我們或者需要修改我們的意見。我們的推斷基於截至作出核數師報告之日所獲得的審核證據。然而，未來的事件或情況可能會導致貴集團中止持續經營。
- 評價財務報表的整體呈報方式、結構和內容，包括披露，以及財務報表是否以公平的方式已呈現基本交易和事件。
- 獲得與貴集團內部的實體或者商業活動的財務資訊相關的充足且適當的審核證據，以對綜合財務報表發表意見。我們負責貴集團審核的管理、監督及執行。我們對我們的審核意見負有全部責任。

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

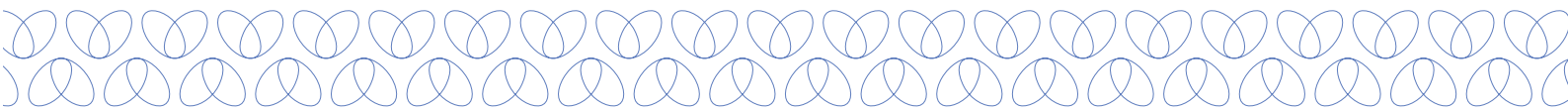
From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

我們就包含但不限於計劃範圍及審核時間以及有意義的審核結果，其中包括我們在審核過程中發現的內部控制存在的重大缺陷等事宜與審核委員會進行溝通。

我們亦已為審核委員會提供一份我們根據職業道德規範中的獨立性要求所制定的報表，從而就可能視為涉及我們的獨立性及適用的相關保障的所有關係及其他事宜與董事進行溝通。

透過與審核委員會的溝通，我們判定該等事宜對本期財務報表的審核具有重要意義並將其定為主要審核事宜。我們在我們的核數師報告中對該等事宜作出說明，除非法律法規禁止對該等事宜的公開披露或者在極端情況下，我們判定於報告內披露該等事宜將產生不利影響，而該等不利影響合理預計將大於該等披露為公眾帶來的權益。





## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Group have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Lai Hiang.

### Ernst & Young LLP

*Public Accountants and Chartered Accountants*  
Singapore

19 March 2018

## 其他法律和法規規定的報告

我們認為，貴集團已按照該法案的條文妥為保存該法案規定貴集團須保存的會計及其他記錄。

本獨立核數師報告的審計項目合夥人為李來香。

### 安永會計師事務所

*執業會計師及註冊會計師*  
新加坡

二零一八年三月十九日

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表 For the financial year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Revenue</b>	<b>收入</b>	6	<b>7,561,547</b>	5,710,698
Cost of sales	銷售成本		(5,974,597)	(4,687,090)
<b>Gross profit</b>	<b>毛利</b>		<b>1,586,950</b>	1,023,608
Other income and gains	其他收入及收益	6	87,594	69,985
Selling and distribution expenses	銷售及分銷開支		(482,909)	(435,334)
General and administrative expenses	一般及行政開支		(415,467)	(318,612)
Other expenses	其他開支		(5,600)	(33,192)
Finance costs	財務成本	8	(285,851)	(266,366)
<b>Profit before tax</b>	<b>除稅前溢利</b>	7	<b>484,717</b>	40,089
Income tax expense	所得稅開支	11	(61,185)	(11,054)
<b>Profit for the year</b>	<b>本年度溢利</b>		<b>423,532</b>	29,035
<b>Other comprehensive income</b>	<b>其他全面收入</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	於後續期間重新分類至損益賬的其他全面收入：			
Available-for-sale investments:	可供出售投資：			
Change in fair value	公平值變動	18	(1,507)	505
<b>Other comprehensive income for the year</b>	<b>年內其他全面收入總額</b>		<b>(1,507)</b>	505
<b>Total comprehensive income for the year</b>	<b>本年度全面收入總額</b>		<b>422,025</b>	29,540
<b>Profit attributable to:</b>	<b>應佔溢利：</b>			
Owners of the parent	母公司擁有人		397,778	30,120
Non-controlling interest	非控股權益		25,754	(1,085)
			<b>423,532</b>	29,035
<b>Total comprehensive income attributable to:</b>	<b>應佔全面收入總額：</b>			
Owners of the parent	母公司擁有人		396,271	30,625
Non-controlling interest	非控股權益		25,754	(1,085)
<b>Total comprehensive income for the year</b>	<b>本年度全面收入總額</b>		<b>422,025</b>	29,540
<b>Earnings per share attributable to Ordinary equity holders of the parent</b>	<b>母公司普通股權益持有人應佔每股盈利</b>			
Basic and diluted (RMB cents per share)	基本及攤薄(人民幣分)	13	33.95	2.56

# Statements of Financial Position

財務狀況表 As at 31 December 2017 於二零一七年十二月三十一日

		Group 本集團		Company 本公司	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	Notes 附註				
<b>Non-current assets</b>	<b>非流動資產</b>				
Property, plant and equipment	物業、廠房及設備	14	8,607,583	8,201,521	-
Prepaid land lease payments and other intangible assets	預付土地租賃款項及其他無形資產	15	381,708	374,414	-
Goodwill	商譽	16	25,361	25,361	-
Coal mining rights	煤礦開採權	17	90,684	95,099	-
Available-for-sale investment	可供出售投資	18	6,708	6,708	-
Prepayments	預付款項	19	135,493	126,416	-
Prepayments to a related company	支付予關連公司的預付款項	22	13,272	-	-
Pledged deposits	已抵押存款	23	5,388	-	-
Deferred tax assets	遞延稅項資產	32	23,126	23,801	-
Investments in subsidiaries	於附屬公司的投資	44	-	-	1,446,355
<b>Total non-current assets</b>	<b>非流動資產總額</b>		<b>9,289,323</b>	<b>8,853,320</b>	<b>1,446,355</b>
<b>Current assets</b>	<b>流動資產</b>				
Available-for-sale investment	可供出售投資	18	37,178	4,185	37,178
Prepayments	預付款項	19	457,318	355,913	4,805
Deposits and other receivables	按金及其他應收款項	19	721,112	432,578	-
Inventories	存貨	20	715,038	449,505	-
Trade and bills receivables	貿易應收款項及應收票據	21	160,829	75,117	-
Due from related companies/ a subsidiary	應收關連公司/ 一間附屬公司款項	22	2,603	9,146	329,721
Income tax recoverable	可收回所得稅		14	1,076	-
Pledged time deposits	已抵押存款	23	181,077	226,349	-
Cash and cash equivalents	現金及現金等價物	23	341,270	512,806	52,416
<b>Total current assets</b>	<b>流動資產總額</b>		<b>2,616,439</b>	<b>2,066,675</b>	<b>424,120</b>
<b>Current liabilities</b>	<b>流動負債</b>				
Trade payables	貿易應付款項	24	246,701	185,577	-
Bills payable	應付票據	25	423,915	655,020	-
Accruals and other payables	應計費用及其他應付款項	26	1,519,336	1,195,987	14,825
Due to related companies/a subsidiary	應付關連公司/ 一間附屬公司款項	22	45	4,391	294,951
Income tax payable	應付所得稅		31,595	191	-
Deferred grants	遞延補貼	27	5,943	5,979	-
Loan from a non-controlling interest	非控股權益貸款	28	24,750	24,750	-
Interest-bearing bank and other borrowings	計息銀行及其他借款	29	1,646,112	756,156	232,600
Bond payable	應付融資債券	30	600,000	200,000	-
<b>Total current liabilities</b>	<b>流動負債總額</b>		<b>4,498,397</b>	<b>3,028,051</b>	<b>542,376</b>
<b>Net current liabilities</b>	<b>淨流動負債</b>		<b>(1,881,958)</b>	<b>(961,376)</b>	<b>(118,256)</b>
<b>Total assets less current liabilities</b>	<b>總資產減流動負債</b>		<b>7,407,365</b>	<b>7,891,944</b>	<b>1,328,099</b>

# Statements of Financial Position

財務狀況表 As at 31 December 2017 於二零一七年十二月三十一日

		Group 本集團		Company 本公司	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	Notes 附註				
<b>Non-current liabilities</b>	<b>非流動負債</b>				
Loan from a non-controlling interest	非控股權益貸款	28	50,500	75,250	-
Interest-bearing bank and other borrowings	計息銀行及其他借款	29	2,965,015	3,601,386	-
Deferred grants	遞延補貼	27	93,987	48,804	-
Deferred tax liabilities	遞延稅項負債	32	36,939	56,791	-
Accruals and other payables	應計費用及其他應付款項	26	110,970	226,752	-
Bonds payable	應付融資債券	30	500,000	600,000	-
<b>Total non-current liabilities</b>	<b>非流動負債總額</b>		<b>3,757,411</b>	<b>4,608,983</b>	<b>-</b>
<b>Net assets</b>	<b>淨資產</b>		<b>3,649,954</b>	<b>3,282,961</b>	<b>1,253,603</b>
<b>Equity</b>	<b>權益</b>				
<b>Equity attributable to owners of the parent</b>	<b>母公司擁有人應佔權益</b>				
Share capital	股本	33	872,579	881,124	872,579
Convertible bonds	可換股債券	31	322,436	322,436	322,436
Revaluation reserve	重估儲備		(1,002)	505	(1,002)
Statutory reserve fund	法定儲備金	34	327,793	285,412	-
Retained profits	保留溢利		1,844,869	1,546,310	134,086
			<b>3,366,675</b>	<b>3,035,787</b>	<b>1,328,099</b>
<b>Non-controlling interest</b>	<b>非控股權益</b>		<b>283,279</b>	<b>247,174</b>	<b>-</b>
<b>Total equity</b>	<b>總權益</b>		<b>3,649,954</b>	<b>3,282,961</b>	<b>1,253,603</b>

Liu Xingxu  
劉興旭

Director  
董事

19 March 2018

Yan Yunhua  
閔蘊華

Director  
董事

二零一八年三月十九日

# Statements of Changes in Equity

權益變動表 For the financial year ended 31 December 2017 截至二零一七年十二月三十一日止年度

Group	本集團	Attributable to owners of the Company 本公司擁有人應佔							Non-controlling interest 非控股權益	Total equity 總權益
		Share capital 已發行股本 (Note 33) (附註33)	Convertible bonds 可換股債券 (Note 31) (附註31)	Available-for-sale investment revaluation reserve 可供出售投資重估儲備	Statutory reserve fund 法定儲備金 (Note 34) (附註34)	Retained profits 保留溢利	Total 總計			
Notes 附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
<b>At 1 January 2016</b>	於二零一六年一月一日	881,124	322,436	-	275,880	1,521,577	3,001,017	-	3,001,017	
<b>Profit for the year</b>	本年度溢利	-	-	-	-	30,120	30,120	(1,085)	29,035	
Other comprehensive income for the year:	年內其他全面收入總額：									
Change in fair value of an available-for-sale investment	可供出售投資公平值變動	18	-	505	-	-	505	-	505	
<b>Total comprehensive income for the year</b>	本年度全面收入總額	-	-	505	-	30,120	30,625	(1,085)	29,540	
Disposal of partial interest in a subsidiary without loss of control	出售附屬公司部分權益而並無導致失去控制權	-	-	-	-	101,741	101,741	248,259	350,000	
Transfer to statutory reserve fund	轉撥至法定儲備金	34	-	-	9,532	(9,532)	-	-	-	
Final 2015 dividend paid	已付二零一五年末期股息	-	-	-	-	(83,000)	(83,000)	-	(83,000)	
Convertible bonds interest	可換股債券利息	31	14,596	-	-	(14,596)	-	-	-	
Payment of convertible bonds interest	支付可換股債券利息	-	(14,596)	-	-	-	(14,596)	-	(14,596)	
<b>At 31 December 2016</b>	於二零一六年十二月三十一日	881,124	322,436	505	285,412	1,546,310	3,035,787	247,174	3,282,961	
<b>At 1 January 2017</b>	於二零一七年一月一日	881,124	322,436	505	285,412	1,546,310	3,035,787	247,174	3,282,961	
<b>Profit for the year</b>	本年度溢利	-	-	-	-	397,778	397,778	25,754	423,532	
Other comprehensive income for the year:	年內其他全面收入總額：									
Change in fair value of an available-for-sale investment	可供出售投資公平值變動	18	-	(1,507)	-	-	(1,507)	-	(1,507)	
<b>Total comprehensive income for the year</b>	本年度全面收入總額	-	-	(1,507)	-	397,778	396,271	25,754	422,025	
Acquisition of non-controlling interest	收購非控股權益	43(a)	-	-	-	(10,351)	(10,351)	10,351	-	
Cancellation of shares	股份註銷	33	(8,545)	-	-	-	(8,545)	-	(8,545)	
Transfer to statutory reserve fund	轉撥至法定儲備金	34	-	-	42,381	(42,381)	-	-	-	
Final 2016 dividend paid	已付二零一六年末期股息	-	-	-	-	(40,000)	(40,000)	-	(40,000)	
Convertible bonds interest	可換股債券利息	31	6,487	-	-	(6,487)	-	-	-	
Payment of convertible bonds interest	支付可換股債券利息	-	(6,487)	-	-	-	(6,487)	-	(6,487)	
<b>At 31 December 2017</b>	於二零一七年十二月三十一日	872,579	322,436	(1,002)	327,793	1,844,869	3,366,675	283,279	3,649,954	

# Statements of Changes in Equity

權益變動表 For the financial year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Share capital 已發行股本 (Note 33) RMB'000 人民幣千元	Convertible bonds 可換股債券 (Note 31) RMB'000 人民幣千元	Available-for-sale investment revaluation reserve 可供出售投資重估儲備 RMB'000 人民幣千元	Retained profits 保留溢利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Company</b>	<b>本公司</b>					
<b>At 1 January 2017</b>	<b>於二零一七年一月一日</b>	<b>881,124</b>	<b>322,436</b>	<b>505</b>	<b>49,538</b>	<b>1,253,603</b>
<b>Profit for the year</b>	<b>本年度溢利</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,035</b>	<b>131,035</b>
Other comprehensive income for the year:	年內其他全面收入總額：					
Change in fair value of an available-for-sale investments	可供出售投資公平值變動	-	-	(1,507)	-	(1,507)
<b>Total comprehensive income for the year</b>	<b>本年度全面收入總額</b>	<b>-</b>	<b>-</b>	<b>(1,507)</b>	<b>131,035</b>	<b>129,528</b>
Cancellation of shares	股份註銷	(8,545)	-	-	-	(8,545)
Convertible bonds interest	可換股債券利息	-	6,487	-	(6,487)	-
Payment of convertible bonds interest	支付可換股債券利息	-	(6,487)	-	-	(6,487)
Final 2016 dividend paid	已付二零一六年末期股息	-	-	-	(40,000)	(40,000)
<b>At 31 December 2017</b>	<b>於二零一七年十二月三十一日</b>	<b>872,579</b>	<b>322,436</b>	<b>(1,002)</b>	<b>134,086</b>	<b>1,328,099</b>
<b>At 1 January 2016</b>	<b>於二零一六年一月一日</b>	<b>881,124</b>	<b>322,436</b>	<b>-</b>	<b>86,828</b>	<b>1,290,388</b>
<b>Profit for the year</b>	<b>本年度溢利</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,306</b>	<b>60,306</b>
Other comprehensive income for the year:	年內其他全面收入總額：					
Change in fair value of an available-for-sale investments	可供出售投資公平值變動	-	-	505	-	505
<b>Total comprehensive income for the year</b>	<b>本年度全面收入總額</b>	<b>-</b>	<b>-</b>	<b>505</b>	<b>60,306</b>	<b>60,811</b>
Convertible bonds interest	可換股債券利息	-	14,596	-	(14,596)	-
Payment of convertible bonds interest	支付可換股債券利息	-	(14,596)	-	-	(14,596)
Final 2015 dividend paid	已付二零一五年末期股息	-	-	-	(83,000)	(83,000)
<b>At 31 December 2016</b>	<b>於二零一六年十二月三十一日</b>	<b>881,124</b>	<b>322,436</b>	<b>505</b>	<b>49,538</b>	<b>1,253,603</b>

# Consolidated Statement of Cash Flows

綜合現金流量表 For the financial year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Cash flows from operating activities</b>	<b>經營活動現金流量</b>			
Profit before tax	除稅前溢利		484,717	40,089
Adjustments for:	經調整：			
Finance costs	財務成本	8	285,851	266,366
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	7	9,605	8,610
Amortisation of coal mining rights	煤礦開採權攤銷	7	4,415	4,415
Depreciation of items of property, plant and equipment	物業、廠房及設備項目折舊	7	606,984	522,118
(Gain)/loss on disposal of items of property, plant and equipment	出售物業、廠房及設備項目的(收益)/虧損	7	(3,216)	2,424
Impairment loss of an available-for-sale investment	可供出售投資的減值虧損	7	-	792
Amortisation of deferred grants	遞延補貼攤銷	6	(7,774)	(5,943)
Interest income	利息收入	6	(10,962)	(15,705)
Exchange gain from bank loans	銀行貸款所得匯兌收益	7	(6,008)	-
Allowance for doubtful trade receivables	貿易應收款項呆賬備抵	21	3,254	-
<b>Operating cash flows before changes in working capital</b>	<b>營運資金變動前經營活動現金流量</b>		<b>1,366,866</b>	<b>823,166</b>
(Increase)/decrease in inventories	存貨(增加)/減少		(265,533)	4,416
Increase in trade and bills receivables	貿易應收款項及應收票據增加		(88,966)	(8,836)
Increase in prepayments	預付款項增加		(110,138)	(101,937)
Decrease in deposits and other receivables	按金及其他應收款項減少		9,101	59,678
Movement in balances with related companies	關連公司結餘變動		(11,075)	(11,130)
Decrease in trade and bills payables	貿易應付款項及應付票據減少		(169,980)	(298,370)
Increase in accruals and other payables	應計費用及其他應付款項增加		216,720	162,978
<b>Cash flows generated from operations</b>	<b>經營活動產生的現金流量</b>		<b>946,995</b>	<b>629,965</b>
Government grants received	已收取政府補貼	27	52,919	6,740
Interest paid	已付利息	8	(285,851)	(278,081)
Interest received	已收利息		10,962	15,705
Tax paid	已付稅項		(47,896)	(9,506)
<b>Net cash flows generated from operating activities</b>	<b>經營活動產生的現金流量淨額</b>		<b>677,129</b>	<b>364,823</b>

# Consolidated Statement of Cash Flows

綜合現金流量表 For the financial year ended 31 December 2017 截至二零一七年十二月三十一日止年度

	Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Cash flows from investing activities</b>	<b>投資活動現金流量</b>		
Proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目所得款項	43,625	20,440
Purchases of items of property, plant and equipment	購買物業、廠房及設備項目	(1,360,243)	(723,500)
Acquisition of prepaid land lease payment through acquisition of a subsidiary	透過收購附屬公司收購預付土地租賃付款	-	(61,000)
Additions of land use rights and other intangible assets	添置土地使用權及其他無形資產	15	(17,242)
Purchase of available-for-sale investment	購買可供出售投資	(34,500)	-
Decrease in pledged time deposits	已抵押定期存款減少	39,884	171,535
<b>Net cash flows used in investing activities</b>	<b>投資活動所用現金流量淨額</b>	<b>(1,328,476)</b>	<b>(684,367)</b>
<b>Cash flows from financing activities</b>	<b>融資活動現金流量</b>		
Dividend paid on ordinary shares	已付普通股股息	12	(40,000)
Payment of convertible bonds interest	支付可換股債券利息	31	(6,487)
Proceeds from issue of a long-term bond	發行長期融資債券所得款項	500,000	-
Repayment of a long-term bond	償還長期融資債券	(200,000)	-
Proceeds from loans and borrowings	貸款及借款所得款項	2,214,000	2,064,545
Cancellation of shares	股份註銷	(8,545)	-
Proceeds from a loan from a non-controlling interest of a subsidiary	附屬公司非控股權益貸款所得款項	-	100,000
Capital injection from a non-controlling interest of a subsidiary	附屬公司非控股權益注資	-	350,000
Repayments of loans and borrowings	償還貸款及借款	(1,979,157)	(2,165,954)
<b>Net cash flows from financing activities</b>	<b>融資活動所得現金流量淨額</b>	<b>479,811</b>	<b>250,995</b>
<b>Net decrease in cash and cash equivalents</b>	<b>現金及現金等價物減少淨額</b>	<b>(171,536)</b>	<b>(68,549)</b>
Cash and cash equivalents at beginning of year	年初現金及現金等價物	512,806	581,355
<b>Cash and cash equivalents at the end of year</b>	<b>年末現金及現金等價物</b>	<b>341,270</b>	<b>512,806</b>
<b>Analysis of balance of cash and cash equivalents</b>	<b>現金及現金等價物結餘分析</b>		
Cash at banks and on hand and cash and cash equivalents as stated in the consolidated statement of financial position	於綜合財務狀況表所述之銀行存款及現金及現金及現金等價物	23	341,270
			512,806



# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 1. CORPORATE AND GROUP INFORMATION

China XLX Fertiliser Ltd. (the “Company”) is a limited liability company incorporated in Singapore on 17 July 2006 under the Singapore Companies Act and its shares are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is located at 80 Robinson Road, #02-00, Singapore 068898. The principal place of business of the Group is located at Xinxiang Economic Development Zone (Xiaoji Town), Henan Province, the People’s Republic of China (the “PRC”). The principal activity of the Company is investment holding. Particulars of the Group’s subsidiaries are disclosed in Note 43.

### 2.1 BASIS OF PREPARATION

The Group and the Company had net current liabilities of approximately RMB1,882 million (2016: RMB961 million) and RMB118 million (2016: RMB16 million), respectively as at 31 December 2017. After taking into account the available unutilised banking facilities, the directors of the Company consider that the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due, and accordingly, are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The financial statements have been prepared under the historical cost convention, except for certain available-for-sale investments, which have been measured at fair value. The financial statements are presented in Renminbi (“RMB”) and all values in the tables are rounded to the nearest thousand (“RMB’000”) except when otherwise indicated.

## 1. 公司及集團資料

中國心連心化肥有限公司(「本公司」)是於二零零六年七月十七日根據新加坡公司法在新加坡註冊成立的有限公司，其股份於香港聯合交易所有限公司上市。本公司的註冊辦事處位於80 Robinson Road, #02-00, Singapore, 068898。本集團主要營業地點位於中華人民共和國(「中國」)河南省新鄉經濟開發區(小冀鎮)。本公司的主要業務為投資控股。本集團附屬公司之詳情乃於附註43披露。

### 2.1 編製基準

本集團及本公司於二零一七年十二月三十一日分別有流動負債淨額約人民幣1,882,000,000元(二零一六年：人民幣961,000,000元)及人民幣118,000,000元(二零一六年：人民幣16,000,000元)。經考慮可得未動用銀行信貸，本公司董事認為本集團將於負債到期時將有充足營運資金撥資其營運及於負債到期時的財務責任，故此，適合按持續經營基準編製財務報表。

倘本集團未能以持續經營基準繼續運作，應作出調整重列資產價值至其可收回金額，就可能出現之任何其他負債作出撥備以及將非流動資產及負債分別重新分類為流動資產及負債。可能作出任何該等調整的影響並未於該等綜合財務報表中反映。

本集團之綜合財務報表及本公司之財務狀況表及權益變動表已根據國際財務報告準則(「國際財務報告準則」)編製。

此等財務報表乃按歷史成本方法編製而成，惟以公平值計量的若干可供出售投資除外。此等財務報表以人民幣(「人民幣」)呈列，而除另有指明外，表內所有價值乃湊整至最接近的千位(「人民幣千元」)。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 2.1 BASIS OF PREPARATION (CONTINUED)

### BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## 2.1 編製基準(續)

### 綜合基準

綜合財務報表包括本公司及其附屬公司(統稱「本集團」)於截至二零一七年十二月三十一日的財務報表。附屬公司指本公司直接或間接控制之實體(包括結構性實體)。當本集團通過參與投資對象之相關活動而承擔可變回報之風險或有權享有可變回報,並且有能力運用對投資對象之權力(即是使本集團目前有能力主導投資對象之相關活動之現時權利)影響該等回報時,即取得控制權。

當本公司直接或間接擁有少於投資對象大多數之投票或類似權利,在評估其是否擁有對投資對象之權力時,本集團會考慮所有相關事實及情況,包括:

- (a) 與投資對象其他投票權持有者之合同安排;
- (b) 其他合同安排產生之權利;及
- (c) 本集團之投票權及潛在投票權。

附屬公司與本公司之財務報告的報告期相同,並採用一致會計政策編製。附屬公司之業績由本集團取得控制權之日起計綜合計算,並繼續綜合入賬至該控制權終止日為止。

損益及其他全面收益的各組成部分乃歸屬於本集團母公司擁有人及非控股權益,即使此舉引致非控股權益出現虧絀結餘亦然。所有集團內公司間之資產及負債、權益、收入、開支及本集團成員公司間交易相關之現金流均於綜合賬目時全數抵銷。

## 2.1 BASIS OF PREPARATION (CONTINUED)

### BASIS OF CONSOLIDATION (CONTINUED)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Consolidation of the subsidiaries in the PRC is based on the subsidiaries' financial statements prepared in accordance with IFRSs. Profits reflected in the financial statements prepared in accordance with IFRSs may differ from those reflected in the PRC statutory financial statements of the subsidiaries, prepared for PRC financial reporting purposes. In accordance with the relevant laws and regulations, profits available for distribution by the PRC subsidiaries are based on the amounts stated in the PRC statutory financial statements.

## 2.1 編製基準(續)

### 綜合基準(續)

倘事實及情況反映以上附屬公司會計政策所述三項控制權因素其中一項或多項有變，則本集團會重估是否仍然控制投資對象。附屬公司擁有權權益的變動(並無失去控制權)，於入賬時列作權益交易。

倘本集團失去對一間附屬公司之控制權，則其撤銷確認(i)該附屬公司之資產(包括商譽)及負債、(ii)任何非控股權益之賬面值及(iii)於權益內記錄之累計交易差額；及確認(i)所收代價之公平值、(ii)所保留任何投資之公平值及(iii)損益賬中任何因此產生之盈餘或虧損。先前於其他全面收益表內確認的本集團應佔成分會視乎情況，按倘本集團直接出售相關資產及負債所要求的相同基準重新分類至損益或保留溢利。

位於中國的附屬公司乃按附屬公司根據國際財務報告準則編製的財務報表綜合入賬。根據國際財務報告準則編製的財務報表內反映的溢利可能有別於附屬公司為中國財務申報目的而編製的中國法定財務報表所反映者。根據相關法律及法規，中國附屬公司可分派溢利乃根據中國法定財務報表所列的金額得出。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IAS 7	<i>Disclosure Initiative</i>
Amendments to IAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
<i>Annual Improvements Cycle 2014-2016</i>	<i>Amendments to a number of IFRSs</i>

Amendments to IAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group adopted the amendments from 1 January 2017.

Amendments to IAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group adopted the amendments from 1 January 2017.

## 2.2 會計政策的變動及披露

本集團已就本年度之財務報表首次採納下列經修訂國際財務報告準則。

國際會計準則 第7號修訂本	披露措施
國際會計準則 第12號修訂本 二零一四年至 二零一六年週期 的年度改進	確認遞延稅項資產 的未實現虧損 對一系列國際財務 報告準則的修訂

國際會計準則第7號修訂本要求實體進行披露，以讓財務報表的使用者評估財務活動所產生的負債變化，包括因現金流量所產生的變化和非現金變化。該等修訂將要求財務報表作出進一步披露。本集團已自二零一七年一月一日起採納該等修訂。

國際會計準則第12號修訂本主要針對確認遞延稅項資產，以抵消因按公平值計量的債務工具而產生未變現虧損的問題，同時亦可廣泛應用於其他情形。該等修訂澄清，在實體評估是否可利用應課稅溢利抵消可扣除暫時性差額時，需要考慮稅法是否限制用於抵消可扣除暫時性差額轉回扣除額的應課稅溢利來源。此外，該等修訂還為實體如何確定未來可課稅溢利，如何解釋可課稅溢利可能包括收回超出其帳面值的部分資產的情形。本集團已自二零一七年一月一日起採納該等修訂。

## 2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> <sup>1</sup>
Amendments to IFRS 4	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i> <sup>1</sup>
IFRS 9	<i>Financial Instruments</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
IFRS 15	<i>Revenue from Contracts with Customers</i> <sup>1</sup>
Amendments to IFRS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i> <sup>1</sup>
IFRS 16	<i>Leases</i> <sup>2</sup>
Amendments to IAS 40	<i>Transfers of Investment Property</i> <sup>1</sup>
IFRIC Interpretation 22	<i>Foreign Currency Transaction and Advance Consideration</i> <sup>1</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2018
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2019
- <sup>3</sup> No mandatory effective date yet determined but available for adoption

Except for IFRS 9, IFRS 15 and IFRS 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of IFRS 9, IFRS 15 and IFRS 16 are described below.

## 2.3 已頒佈但尚未生效的準則

本集團並未於該等財務報表中應用下列已頒佈但尚未生效的新訂及經修訂國際財務報告準則。

國際財務報告準則第2號修訂本	以股份為基礎的付款之分類及計量 <sup>1</sup>
國際財務報告準則第4號修訂本	採用國際財務報告準則第9號金融工具同時應用國際財務報告準則第4號保險合約 <sup>1</sup>
國際財務報告準則第9號	金融工具 <sup>1</sup>
國際財務報告準則第10號及國際會計準則第28號修訂本	投資者與其聯營公司或合營企業之間出售或注入資產 <sup>3</sup>
國際財務報告準則第15號	客戶合約收入 <sup>1</sup>
國際財務報告準則第15號修訂本	澄清國際財務報告準則第15號客戶合約收入 <sup>1</sup>
國際財務報告準則第16號	租賃 <sup>2</sup>
國際會計準則第40號修訂本	轉讓投資物業 <sup>1</sup>
國際財務報告詮釋委員會詮釋第22號	外幣交易及墊付代價 <sup>1</sup>

- <sup>1</sup> 於二零一八年一月一日或之後開始的年度期間生效
- <sup>2</sup> 於二零一九年一月一日或之後開始的年度期間生效
- <sup>3</sup> 尚未釐定法定生效日期但可供採納

除國際財務報告準則第9號、國際財務報告準則第15號及國際財務報告準則第16號外，董事預期採納上述其他準則將不會對首次應用年度的財務報表產生重大影響。採納國際財務報告準則第9號、國際財務報告準則第15號及國際財務報告準則第16號時會計政策潛在變動的性質載於下文。



## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

#### IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary assessment of adopting IFRS 15 based on currently available information and expects the financial impact to be immaterial.

#### IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in IFRS 9 are based on an expected credit loss model and replace the IAS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed a preliminary impact assessment of adopting IFRS 9 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts IFRS 9 in 2018.

### 2.3 已頒佈但尚未生效的準則(續)

#### 國際財務報告準則第15號客戶合約收入

國際財務報告準則第15號建立一個五步模式，以計算於自客戶合約產生的收益。根據國際財務報告準則第15號，收益按能反映實體預期就交換向客戶轉讓貨物或服務而有權獲得的代價金額確認。新收入準則自二零一八年一月一日或之後開始的年度期間生效。

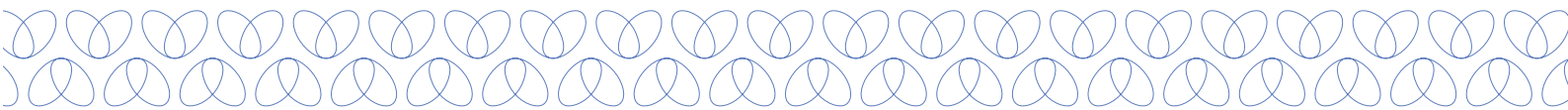
本集團已根據當前可得資料對採納國際財務報告準則第15號進行初步評估，且預期財務影響並不重大。

#### 國際財務報告準則第9號「金融工具」

國際財務報告準則第9號就金融資產、金融資產減值及對沖會計引入新分類及計量規定。金融資產根據其合約現金流量特徵及其所在業務模式進行分類。國際財務報告準則第9號的減值規定乃基於預期信貸虧損模式，並取代國際會計準則第39號已產生虧損模式。

本集團計劃於規定的生效日期採納新訂準則，但不會重列過往期間的資料，並會於首次應用當日在年初保留盈利中確認過往賬面值與申報年初賬面值之間的任何差額。

本集團已根據當前可得資料對採納國際財務報告準則第9號進行初步評估。該評估視乎持續分析產生而可能有所變動，直至本集團於二零一八年採納國際財務報告準則第9號。



## 2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

### IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) CLASSIFICATION AND MEASUREMENT

The Group does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised. In addition, the Group currently measures one of its investments in unquoted equity security at cost of RMB7,500,000 less impairment of RMB792,000. Under IFRS 9, the Group will be required to measure the investment at fair value.

#### (b) IMPAIRMENT

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group does not expect a significant impact due to its historical experience and customers' profile, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

## 2.3 已頒佈但尚未生效的準則(續)

### 國際財務報告準則第9號「金融工具」(續)

#### (a) 分類與計量

本集團預測國際財務報告準則第9號的採納不會對金融資產的分類和計量產生重大影響。預計其將繼續按公平值計量所有當下按公平值持有的金融資產。目前持有可供銷售的權益投資將透過其他全面收益按公平值進行計量，因為其目的為在可預見未來內持有，且本集團期望應用該選擇以在其他全面收益中呈現公平值變化。當投資終止確認時，權益投資的其他全面收益中記錄的收益及虧損無法轉回損益。此外，本集團現時按成本人民幣7,500,000元減減值人民幣792,000元計量其於未報價股本證券的投資。根據國際財務報告準則第9號，本集團須按公平值計量投資。

#### (b) 減值

國際財務報告準則第9號要求本集團按12個月基準或可使用年期基準載列其所有債務證券、貸款及貿易應收款項之預期信貸虧損。本集團預期採納簡化方式，並載列所有貿易應收款項的可使用年期預期虧損。於應用預期信貸虧損模式後，根據本集團過往經驗及客戶資料，本集團預期不會產生重大影響，但將需要進行更詳盡分析，當中考慮所有合理及輔助資料(包括前瞻性因素)，以釐定影響程度。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

### IFRS 16 LEASES

IFRS 16 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects that the adoption of IFRS 16 will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying IFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of the retained earnings as at 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to IFRS 16 and assessing the possible impact of adoption.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

## 2.3 已頒佈但尚未生效的準則(續)

### 國際財務報告準則第16號「租賃」

國際財務報告準則第16號要求承租人於資產負債表確認大多數租約，以反映使用租賃資產之權利及相關租賃付款責任以及相應利息開支及折舊費用。該準則包括承租人的兩項確認豁免「低價值」資產租約及短期租約。新準則自二零一九年一月一日或之後開始的年度期間生效。

本集團現時正評估新準則的影響及計劃於規定生效日期當日採納該新準則。本集團預期採納國際財務報告準則第16號將導致總資產及總負債、扣除稅項、折舊及攤銷前盈利及資產負債比率增加。

本集團計劃於規定生效日期當日透過追溯應用國際財務報告準則第16號採納新訂準則，首次應用的累計影響將作為於二零一九年一月一日保留盈利的期初結餘的調整。

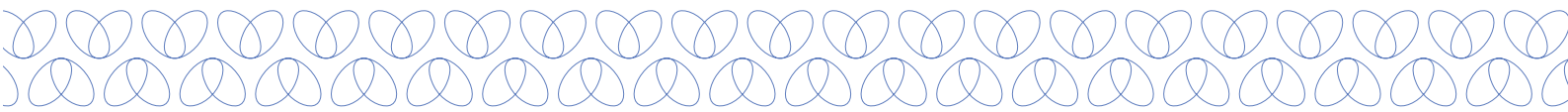
本集團現正分析過渡至國際財務報告準則第16號採用的過渡方法及可行權宜方法，並評估採納的潛在影響。

## 3. 主要會計政策概要

### 業務合併及商譽

業務合併乃採用收購法作會計處理。所轉讓代價按收購日期的公平值計量，即本集團轉讓的資產、本集團向原擁有人承擔的負債及本集團為交換被收購方控制權而發行的股權於收購日期的公平值總和。就各業務合併而言，本集團選擇被收購方中屬於現時擁有權且令持有人可在被收購方清盤時獲得該實體一定份額的非控股權益，按公平值或按佔被收購方的可識別資產淨值的比例計量。非控股權益的所有其他部分按公平值確認。收購相關成本於產生時列為開支。





### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December 2017. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

### 3. 主要會計政策概要 (續)

#### 業務合併及商譽 (續)

本集團收購業務時，根據於收購日期的訂約條款、經濟環境及相關條件，就適當分類及指定承擔之金融資產及負債作出評計，此包括由被收購者將主合約所含的衍生項目獨立出來。

業務合併分階段進行，過往所持的股本權益乃於收購日期重新計量為公平值，且任何相關收益或虧損於損益賬確認。

任何收購方轉讓之或然代價於收購日公平值確認。分類為資產或負債之或然代價以公平值計量，公平值變動於損益或其他綜合收益確認。被歸類為股權之或然代價不重新計量，後續結算於股權內作會計處理。

商譽最初按成本計量，即所轉讓總代價、已確認非控股股東權益之金額及本集團先前持有被收購方股權之公平值之總和，超出所收購可識別資產及所承擔負債淨額之差額。倘此代價及其他項目之總和低於資產淨值之公平值，於評估後，其差額將於損益內確認為議價收購收益。

於初始確認後，商譽按成本減任何累計減值虧損計量。商譽須每年作減值檢測，倘有事件發生或情況改變顯示賬面值有可能減值時，則會更頻密地進行檢測。本集團每年對截至二零一七年十二月三十一日之商譽進行減值檢測。就減值檢測而言，於業務合併所收購商譽，乃自收購日期起分配至預期於合併所產生之協同效益中受惠之本集團各現金產生單位或各現金產生單位組，而不論本集團其他資產或負債有否轉撥至該等單位或單位組。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

### TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent, and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the parent.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

## 3. 主要會計政策概要(續)

### 業務合併及商譽(續)

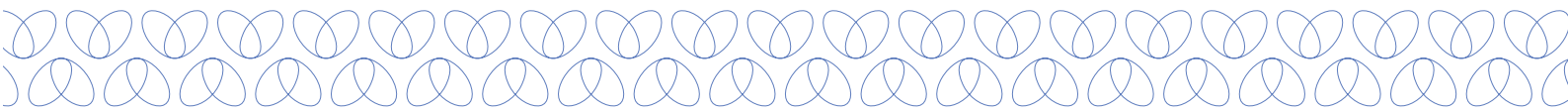
減值按與商譽有關之現金產生單位(現金產生單位組)可收回金額評估釐定。倘現金產生單位(現金產生單位組)之可收回金額低於賬面值,則確認減值虧損。就商譽確認之減值虧損不會於往後期間撥回。

倘商譽分配至現金產生單位(或現金產生單位組)組成部份,該單位部份業務出售時,與售出業務有關之商譽將計入業務賬面值,以釐定出售盈虧。於該等情況售出之商譽,按售出業務及保留現金產生單位部份相對價值基準計算。

### 與非控股權益之交易

非控股權益指不可直接或間接歸於母公司擁有人的附屬公司股權,在綜合損益及其他全面收益表及綜合財務狀況表的權益項下獨立呈列,並與母公司擁有人應佔權益分開列示。

本公司擁有人並無導致失去附屬公司控制權之擁有權益變動按權益交易入賬。於此情況下,控股及非控股權益的賬面款額將作出調整以反映其於附屬公司相關權益之變動。非控股權益數額之調整額與已付或已收代價公平值間差額,直接於權益確認,歸於母公司擁有人。



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### FAIR VALUE MEASUREMENT

The Group measures its derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### 3. 主要會計政策概要(續)

#### 公平值計量

本集團於各報告期末按公平值計量其衍生金融工具及股權投資。公平值為市場參與者於計量日期在有序交易中出售資產所收取或轉讓負債所支付的價格。公平值計量乃假設出售資產或轉讓負債的交易於資產或負債主要市場或(在無主要市場情況下)最具優勢市場進行。主要或最具優勢市場須為本集團可進入的市場。資產或負債的公平值乃基於市場參與者為資產或負債定價時所用的假設計量(假設市場參與者依照彼等的最佳經濟利益行事)。

非金融資產之公平值計量參考市場參與者可從使用該資產得到之最高及最佳效用，或將該資產售予另一可從使用該資產得到最高及最佳效用之市場參與者，從而產生經濟效益之能力。

本集團使用適用於不同情況之估值方法，而其有足夠資料計量公平值，以盡量利用相關可觀察輸入數據及盡量減少使用不可觀察輸入數據。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### FAIR VALUE MEASUREMENT (CONTINUED)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### FUNCTIONAL CURRENCY

The Group's principal operations are conducted in the PRC. The directors have determined the currency of the primary economic environment in which each entity in the Group operates, i.e., functional currency, to be RMB. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

## 3. 主要會計政策概要(續)

### 公平值計量(續)

於財務報表計量或披露公平值之所有資產及負債，根據對於公平值計量整體屬重要之最低輸入值水準按如下所述在公平值架構中分類：

- 第一級 – 基於相同資產或負債於活躍市場的報價(未經調整)
- 第二級 – 基於對公平值計量而言屬重大的可觀察(直接或間接)最低層輸入數據的估值方法
- 第三級 – 基於對公平值計量而言屬重大的不可觀察最低層輸入數據的估值方法

就按經常性基準於本財務報表確認的資產及負債而言，本集團透過於各報告期末重新評估分類(基於對公平值計量整體而言屬重大的最低層輸入數據)釐定是否發生不同等級轉移。

### 功能貨幣

本集團之主要業務於中國境內進行。董事釐定本集團各實體經營的主要經濟環境貨幣(即功能貨幣)人民幣。提供商品及服務的銷售價格及主要成本(包括主要經營開支)主要受人民幣波動影響。本集團對各實體釐定其功能貨幣，而計入各實體之財務報表之項目乃以功能貨幣計量。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

For consolidation purpose, the assets and liabilities of foreign operations are translated into RMB at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

#### RELATED PARTIES

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or a parent of the Group;

### 3. 主要會計政策概要(續)

#### 外幣交易

外幣交易乃以本公司及其附屬公司各自的功能貨幣計量，並且於初步確認時，以功能貨幣按與於交易日期的普遍匯率相若的匯率入賬。以外幣計值的貨幣資產及負債按相應申報期末的普遍匯率換算。按歷史成本以外幣計量的非貨幣項目以初步交易日期的匯率換算。按公平值以外幣計量的非貨幣項目以釐定公平值當日的匯率換算。

因於申報期末清償貨幣項目或換算貨幣項目而產生的匯兌差額乃在損益賬內確認。

為進行綜合入賬，海外業務的資產及負債乃按申報期末的匯率換算成人民幣，而其損益按交易日期的現行匯率換算。換算產生的匯兌差額乃於其他全面收入表內確認。出售海外業務時，有關該特定海外業務的其他全面收入之部分於損益賬中確認。

#### 關連方

倘下列任何條件適用，與本集團有關聯之一方：

- (a) 為一人士或該人士的直系親屬，且該人士：
  - (i) 控制或共同控制本集團；
  - (ii) 對本集團具有重大影響力；或
  - (iii) 為本集團或本集團之母公司的主要管理人員的成員；

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### RELATED PARTIES (CONTINUED)

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

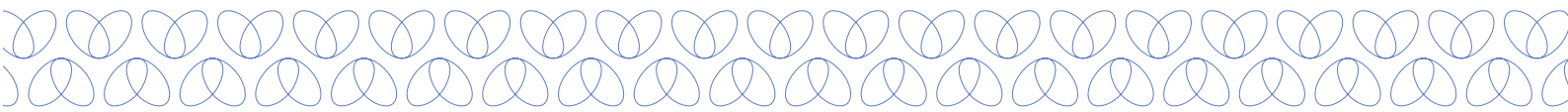
## 3. 主要會計政策概要(續)

### 關連方(續)

或

(b) 倘下列任何條件適用，為一家實體：

- (i) 該實體與本集團皆為同一集團的成員公司；
- (ii) 該實體為另一間實體的聯營公司或合營企業(或為另一間實體的母公司、附屬公司，或其他同系附屬公司的聯營公司或合營企業)；
- (iii) 該實體與本集團皆為同一第三方的合營企業；
- (iv) 一家實體為第三方實體的合營企業且另一家實體為該第三方實體的聯營公司；
- (v) 該實體是為本集團或本集團關聯實體的雇員利益而設立的退休福利計劃；
- (vi) 該實體為(a)所指的人士控制或共同控制；
- (vii) 所指的人士對該實體具有重大影響力，或為該實體(或該實體的母公司)的主要管理人員的成員；及
- (viii) 該實體或其任何集團成員公司提供主要管理人員服務予本集團或本集團之母公司。



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss. Any subsequent revaluation surplus is credited to the statement of profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

### 3. 主要會計政策概要(續)

#### 物業、廠房及設備以及折舊

物業、廠房及設備(不包括在建工程)乃按成本減累計折舊及任何累計減值虧損計量。物業、廠房及設備項目的成本包括其購買價格及令該資產進入其擬使用的工作環境及地點之任何直接應佔成本。

於物業、廠房及設備項目投入運作後產生的開支，例如維修及保養，一般於其產生期間在損益賬內扣除。當達致認可標準時，則主要檢驗開支按資產賬面值被資本化，作為資產的替代。倘若絕大部分物業、廠房及設備於中途須被替換，則本集團將有關部分確認為具特定可使用年期之個別資產並相應折舊。

經常對重估資產進行估值以確保所重估資產之公平值與其賬面值並無重大差異。物業、廠房及設備價值變動列作資產重估儲備變動處理。倘按個別資產基準，該儲備總額不足以彌補虧絀，則自損益扣除虧絀差額。任何其後之重估盈餘會計入損益，惟以早前扣除之虧絀為限。每年從資產重估儲備轉撥至保留溢利之金額，乃根據資產重估賬面值所計算之折舊與根據資產原來成本所計算之折舊兩者之差額作出。於出售重估資產時，就早前估值變現之資產重估儲備有關部分將轉撥至保留溢利作為儲備變動。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (CONTINUED)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives and residual values used for this purpose are as follows:

		Years 年期	Residual value 剩餘價值
Buildings	樓宇	15-25 年	3 to 至 10%
Other fixtures and structures	其他固定附著物及建築	15-25 年	3 to 至 10%
Plant and machinery	廠房及機器	8-15 年	3 to 至 10%
Office equipment and furniture	辦公室設備及傢俱	5	3 to 至 10%
Motor vehicles	汽車	5	3 to 至 10%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and plant and machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

## 3. 主要會計政策概要 (續)

### 物業、廠房及設備以及折舊 (續)

折舊以直線法計算，以於其估計可使用年期撇銷各物業、廠房及設備項目的成本至其剩餘價值。用作此用途之估計可使用年期及剩餘價值如下：

當物業、廠房及設備項目的部分有不同的可使用年期，該項目的成本會按合理基準於部分之間分配，而各部分會作獨立折舊。剩餘價值、可使用年期及折舊法至少於各財政年末進行檢討及調整（如適用）。

物業、廠房及設備項目，包括初步確認之任何重要部分乃於出售後或當使用或出售該項目預期不會產生未來經濟利益時終止確認。於終止確認該資產的年度之損益表內確認的任何出售或停用之收益或虧損，為相關資產的銷售所得款項淨額及賬面值之差額。

在建工程指興建中的樓宇以及廠房及機器，乃按成本減任何減值虧損列賬，並不予以折舊。成本包括建築期間的直接建築成本及相關借貸資金的資本化借貸成本。在建工程於完成及可供使用時會被重新分類為物業、廠房及設備的合適類別。



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### COAL MINING RIGHTS

Coal mining rights are stated at cost less accumulated amortisation and any accumulated impairment losses. A coal mining right is amortised on the straight-line basis over its estimated useful life. The useful life of the coal mining right is reviewed annually in accordance with the production plans of the Group and the proven and probable reserves of the mine. The coal mining right is written off to profit or loss if the coal mining property is abandoned.

#### PREPAID LAND LEASE PAYMENTS

Prepaid land lease payments are initially measured at cost. Following initial recognition, prepaid land lease payments are measured at cost less accumulated amortisation and accumulated impairment losses. The prepaid land lease payments are amortised on the straight-line basis.

The amortisation period and method are reviewed at each financial year end. The amortisation expense is recognised in profit or loss.

#### IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

### 3. 主要會計政策概要(續)

#### 煤礦開採權

煤礦開採權以成本減累計攤銷及任何累計減值虧損列賬。煤礦開採權於其估計可使用年期內以直線法攤銷。煤礦開採權之可使用年期乃根據本集團之生產計劃及經探明及可能的礦產儲備進行年度審閱。倘煤礦開採物業遭遺棄則煤礦開採權將於損益賬中撇銷。

#### 預付土地租賃款項

預付土地租賃款項初步按成本計量。於初步確認後，預付土地租賃款項乃按成本減累計攤銷及累計減值虧損計量。預付土地租賃款項乃以直線法攤銷。

攤銷期及方法於各財政年末予以檢討。攤銷開支乃於損益賬內確認。

#### 非金融資產減值

倘有跡象顯示出現減值或要求就資產進行年度減值測試(存貨及金融資產除外)，則會估計該資產的可收回金額。資產的可收回金額按資產或現金產生單位的使用價值及其公平值減銷售成本(以較高者為準)，並就個別資產而釐定，除非有關資產並無產生在頗大程度上獨立於其他資產或資產組別的現金流入，在此情況下可收回金額就資產所屬的現金產生單位而釐定。

減值虧損僅於資產賬面值超出其可收回金額時予以確認。於評估使用價值時，估計日後現金流量按可反映現時市場評估的貨幣時間值及資產特定風險的除稅前折現率折減至現值。減值虧損於產生期間在損益表中列入與減值資產功能屬於同一類別之開支。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

### INVESTMENTS AND OTHER FINANCIAL ASSETS

#### INITIAL RECOGNITION AND MEASUREMENT

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

## 3. 主要會計政策概要 (續)

### 非金融資產減值 (續)

於各報告期末會評定是否有跡象顯示之前已確認的減值虧損不再存在或減少。倘出現該跡象，則會估計可收回金額。過往確認的資產減值虧損僅會於用以釐定資產可收回金額的估計改變時撥回，惟撥回後的數額不得高於假設過往年度並無就資產確認減值虧損而應有的賬面值（扣除任何折舊／攤銷後）。減值虧損的撥回於產生期間計入損益表，除非資產按重估金額入賬則作別論，在此情況下，重估資產的減值虧損撥回根據有關會計政策入賬。

### 投資及其他金融資產

#### 初步確認及計量

在初始確認時，金融資產分為透過損益以公平值計量的金融資產、貸款及應收賬款及可出售金融投資，或在有效對沖內指定為對沖工具的衍生品（如適用）。在初始確認時，金融資產以公平值加上獲得該資產時的交易成本進行計量，當金融資產透過損益以公平值進行計量時除外。

所有正常購買及銷售的金融資產會在交易日（即本集團承諾購買或出售資產的日期）確認。正常購買或銷售指於按照市場規定或慣例一般訂立的期間內進行資產交付的金融資產買賣。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

##### SUBSEQUENT MEASUREMENT

The subsequent measurement of financial assets depends on their classification as follows:

##### (a) LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

##### (b) AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in other gains or losses. Interest whilst holding the available-for-sale financial investments are reported as interest income and are recognised in profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

### 3. 主要會計政策概要 (續)

#### 投資及其他金融資產 (續)

##### 其後計量

其後視乎金融資產的分類而計量金融資產載述如下：

##### (a) 貸款及應收款項

貸款及應收款項為固定或可釐定付款金額及沒有活躍市場報價的非衍生金融資產。在初始計量後，該資產將隨後以攤余成本進行計量，採用實際利率法減去減值限額。攤余成本是根據收購的折扣或溢價進行計算的，包括作為實際利率組成部分的費用或成本。其他損益的收益包括實際利率攤銷。減值虧損確認為貸款和其他應收款項的損益。

##### (b) 可供出售金融資產

可供出售金融投資指的是，上市和非上市權益投資和債務證券中的非衍生金融資產。被分為可供出售類別的權益投資，並無被分為持作交易用途或指定為按公平值列入損益賬的類別。這類債務證券指的是可無限期持有的債券，且可根據流動性需求和市場變化進行出售。

在初始確認之後，可供出售金融投資以公平值計量，未能實現的損益確認為其他可供出售投資重新估值儲備的收益，直至投資終止確認，此時整體的收益和虧損將確認為其他收入的損益，或直至投資被確定為減值，此時的累計損益將被重新分類，從可供出售的投資重新估值儲備，變為其他損益中的收益或虧損。將可供出售的金融資產投資的利息列為利息收入，並按照以下「收入確認」的政策確認為損益。

## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

##### (b) AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

When the fair value of unlisted equity investments cannot be reliably measured because (i) the variability in the range of reasonable fair value estimates is significant for that investment or (ii) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

### 3. 主要會計政策概要 (續)

#### 投資及其他金融資產 (續)

##### (b) 可供出售金融資產 (續)

無法可靠地計量非上市權益投資的公平值的原因是(i)對於這項投資來說，合理的公平值的變動非常重要，或(ii)無法合理評估或使用一定範圍內的變動來估測公平值，此類投資應以成本減去所有減值虧損列報。

本集團將評估在短期內出售可出售金融資產的能力和意向是否適當。在極少數情況下，由於市場不活躍，本集團無法對這些金融資產進行交易時，如果管理層有能力和意向在可預見的未來或到期日之前持有這些資產，本集團可以選擇重新對這些金融資產進行分類。

對於從可出售類別重新分類的金融資產，重新分類當日的公平帳面值將成為新的攤銷成本，該權益中，已確認該資產從前的損益將在剩餘期限內根據實際利率攤銷為損益。在剩餘期限內，攤銷成本與到期金額之間的差距也將根據資產的實際利率進行攤銷。如果資產在隨後被確定為減值，則權益記錄中的金額將被重新劃分為損益。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### DE-RECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### 3. 主要會計政策概要(續)

#### 金融資產的終止確認

金融資產(或,如適用,一部分金融資產或一組相似金融資產的一部分)將於以下情況中終止確認(即移出本集團的綜合財務狀況表):

- 從資產中收回現金流量的權利已失效;或
- 本集團將其從資產中收回現金流量的權利轉讓,或在「轉移」協議項下承擔向第三方支付已收現金流量全額的責任,且並無實質拖延;(a)本集團已轉讓資產大部分風險及回報,或(b)本集團並無轉讓或留存資產大部分風險及回報,惟已轉讓資產控制權。

當本集團轉讓其收回資產現金流量的權利或簽訂轉移協議後,其將評估其是否留存資產所有權的風險及回報以及相應程度。倘資產大部分風險及回報並未轉讓或留存,資產控制權亦未轉讓,本集團將繼續確認轉讓資產以確定本集團的持續參與。在此情況下,本集團同樣確認關聯負債。已轉讓資產和關聯負債基於反映本集團已留存權利和責任的情況下進行計量。

形式為已轉讓資產擔保的持續參與以低於資產原始帳面值及本集團需償還對價的最大金額計量。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### (a) FINANCIAL ASSETS CARRIED AT AMORTISED COST

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

## 3. 主要會計政策概要 (續)

### 金融資產減值

本集團將於每報告期末對是否有客觀證據證明一項金融資產或一組金融資產減值進行評估。資產初始確認後出現一個或多個事件，而該等事件對能夠可靠估算的該項金融資產或該組金融資產預估未來現金流量產生影響，則會出現減值。減值的證據可能包括，負債人正在面臨重大財政困難、利息或本金支付方面違約或犯罪的跡象，彼等陷入破產或其他金融重組的可能性，以及顯示預估未來現金流量將大幅減少之可觀察資料，例如與違約相關的逾期欠款或經濟條件變化。

#### (a) 按攤銷成本列賬的金融資產

就按攤銷成本列賬的金融資產而言，本集團首先對具個別重要性的金融資產進行評估，評估是否顯示個別存在減值，並對非具個別重要性的金融資產進行評估，評估是否有客觀跡象顯示共同存在減值。若本集團確定經個別評估的金融資產（不論是否具重要性）並無客觀跡象顯示存在減值，則該項資產包括一組具相類似信貸風險特性的金融資產內的資產，並對該資產共同進行減值評估。資產若經個別評估減值，且其減值虧損被或繼續被確認入賬，則有關資產均不會被納入共同減值評估之內。

已識別的減值虧損金額計量為資產帳面值和預估未來現金流量的現值的差額（未產生之未來信貸虧損除外）。預估未來現金流量的現值以金融資產的原始實際利率折舊（即在初始確認下計算的實際利率）。

資產的賬面值會透過使用撥備賬目扣除，而虧損會於損益賬內確認。利息收入採用計量減值虧損時用以折現未來現金流量的利率，以所減少賬面值繼續累計。未來收回並無希望，所有抵押品已變現或已轉讓至本集團時，即沖銷貸款和應收賬款以及任何相關撥備。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

##### (a) FINANCIAL ASSETS CARRIED AT AMORTISED COST (CONTINUED)

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

##### (b) FINANCIAL ASSETS CARRIED AT COST

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses are not reversed.

##### (c) AVAILABLE-FOR-SALE FINANCIAL ASSETS

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

### 3. 主要會計政策概要 (續)

#### 金融資產減值 (續)

##### (a) 按攤銷成本列賬的金融資產 (續)

倘在隨後期間內預估減值虧損因確認減值後發生的事件而增加或減少，此前確認的減值虧損透過調整撥備帳目而增加或減少。倘沖銷被收回，將計入損益中的其他費用。

##### (b) 按成本列賬的金融資產

倘有客觀證據顯示出現減值虧損，則虧損金額乃按該資產的賬面值及以相似金融資產目前市場收益率折現之估計未來現金流量現值的差額計量。減值虧損不可轉回。

##### (c) 可供出售金融資產

對於可供出售金融投資，本集團將於每報告期末對是否有客觀證據證明一項投資或一組投資減值進行評估。

當可供出售資產出現減值時，成本(已扣除任何已償還本金及攤銷)及現有公平值的差額，扣減過往在損益賬內確認的任何減值虧損，將從其他全面收益表扣除，並於損益賬內確認。

倘權益投資分類為可供出售投資，則客觀證據包括投資的公平值大幅或長期下跌至低於其成本。「大幅」是根據投資的原始成本進行評估，而「長期」則是根據公平值低於原始成本期間的時長衡量的。當存在減值的證據，累計虧損 – 收購成本和當前公平值之差，減去該投資之前確認於損益中的減值虧損 – 從其他全面收益中移除，並確認於損益之中。權益工具的減值虧損分類為可供出售時，不得透過損益轉回。彼等公平值在減值後的增值直接確認於其他全面收益。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

#### (c) AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

### FINANCIAL LIABILITIES

#### INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and bill payables, certain accruals and other payables, loan from a non-controlling interest, amounts due to related companies, interest-bearing bank and other borrowings and bonds payable.

## 3. 主要會計政策概要 (續)

### 金融資產減值 (續)

#### (c) 可供出售金融資產 (續)

確定是否屬「顯著」或「持續」時須作出判斷。在作出判斷時，本集團會評估(其中包括)一項投資的公平值少於其成本的持續時間或程度。

就分類為可供出售的債務工具而言，減值乃根據按攤銷成本列賬的金融資產的相同標準評估。然而，減值所錄得的金額乃被計量為攤銷成本與現行公平值之間的差額的累計虧損，減之前在損益賬內確認的投資的任何減值虧損。未來利息收入採用計量減值虧損時用以折現未來現金流量的利率，根據資產的所減少賬面值繼續累計。利息收入乃記錄為財務收入的一部分。債務工具的減值虧損可透過損益轉回，前提是該等工具的公平值隨後增值是因為減值虧損確認於損益後出現的事件所客觀導致的。

### 金融負債

#### 初步確認及計量

金融負債在初始確認中分類為透過損益以公平值計量的金融負債、貸款和借款，或作為指定為有效對沖中的對沖工具的衍生品。

初步確認金融負債時，乃以公平值(倘屬貸款及借款)減去直接應佔交易成本計量。

本集團的金融負債包括貿易應付款項、應付票據、若干應計費用及其他應付款項、非控股權益貸款、應付關連公司、計息銀行及其他借款和應付融資債券。



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### FINANCIAL LIABILITIES (CONTINUED)

##### SUBSEQUENT MEASUREMENT

The subsequent measurement of financial liabilities depends on their classification as follows:

##### (a) LOANS AND BORROWINGS

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

##### (b) CONVERTIBLE BONDS

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

### 3. 主要會計政策概要 (續)

#### 金融負債 (續)

##### 其後計量

金融負債的隨後計量視乎彼等的分類而定，並載述如下：

##### (a) 貸款及借款

於初始確認後，計息貸款及借款隨後以攤銷成本計量，除非折舊影響並不重大，否則應使用實際利率法，並以成本列賬。當負債不再確認時，收益及虧損於損期賬內確認，並進行實際利率攤銷過程。

計算攤銷成本時將作為實際利率不可分割一部分的收購折舊或溢價以及費用或成本納入考慮範圍內。實際利率攤銷包含於損益中的財務成本。

##### (b) 可換股債券

可換股債券具有負債特徵之部分，於扣除交易成本後在財務狀況表內確認為負債。於發行可換股債券時，負債部分之公平值乃根據同等不可換股債券之市場利率而釐定，而該數額按攤銷成本基準列作負債，直至債券獲兌換或贖回為止。所得款項餘額於扣除交易成本後，分配至已確認並計入股東權益之換股權。換股權之賬面值不會於往後年度重新計量。交易成本根據工具首次確認時所得款項分配至負債與權益部分之比例，分配至可換股債券之負債與權益部分。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### DE-RECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

### OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### CONVERTIBLE BONDS

Convertible bonds issued by the Group are recognised and included in shareholders' equity based on the terms of the contract. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the convertible bonds is not remeasured in subsequent years. Convertible bond interests of 2% (2016: 4.5%) per annum is payable in cash annually in arrears on the anniversary of the issue date (i.e. 21 December 2011) in each year, commencing on the first anniversary of the issue date, which are accrued and paid through the transfer from retained profits of the Group.

### BONDS PAYABLE

Bonds payable are classified under loans and borrowings and recognised initially at fair value. After initial recognition, bonds payable are subsequently measured at cost because the effect of discounting would be immaterial as their terms are relatively short.

## 3. 主要會計政策概要(續)

### 終止確認金融負債

當負債的義務解除或消除或到期時，則終止確認金融負債。

當現有金融負債為同一貸款人以幾乎不同的條款作出的另一筆金融負債取代時，或現有負債的條款被大幅修改，該轉換或修改視為不再確認原本負債，及確認新負債，而有關賬面值的差額在損益賬內確認。

### 抵銷金融工具

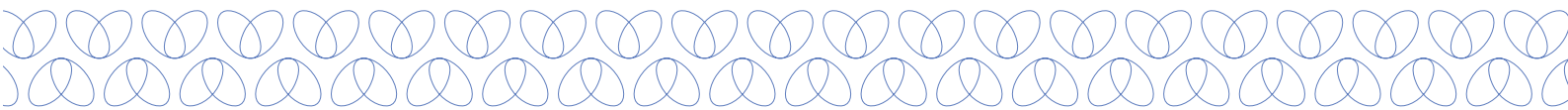
倘有現行可強制執行之法律權利抵銷已確認金額，並且擬以淨額基準進行結算或同時將資產變現及負債清償，方可將金融資產及金融負債抵銷，淨額於財務狀況表呈報。

### 可換股債券

本集團發行的可換股債券根據合約條款予以確認及計入股東權益內。交易成本從權益中扣除，並扣除相關所得稅。可換股債券的賬面值於其後年內不會重新計量。可換股債券利息每年2%(二零一六年：4.5%)將以現金於年末，即發行日期(二零一一年十二月三十一日)的每一週年日支付，自發行日期的第一個週年日開始，予以累計並透過自本集團保留溢利的轉撥支付。

### 應付融資債券

應付融資債券被分類為貸款及借款，初步確認時以公平值計量。於初步確認後，應付融資債券其後以成本計量，原因是其年期相對較短，折現影響並不重大。



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including short-term deposits, and assets similar in nature to cash, which are not restricted as to use.

#### INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

### 3. 主要會計政策概要(續)

#### 現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括現金及銀行結餘以及可隨時兌換為已知金額現金且價值變動風險不重大及到期日一般為收購後三個月以內的短期、高流動性投資，減按要求償還並組成本集團現金管理的完整部分的銀行透支。

就綜合財務狀況表而言，現金及現金等價物包括手頭現金及銀行現金，包括無被限制使用的短期存款及與現金性質相近的資產。

#### 存貨

存貨乃按成本及可變現淨值兩者之較低者呈列。成本按加權平均基準釐定，而在製品及製成品之成本則包括直接物料、直接工資及適當比例之費用。可變現淨值根據估計售價減預計至完成及出售時會出現之任何估計成本計算。

#### 撥備

當因過往事件以致目前須承擔責任(法定或推定)，而有可能須就清償有關責任而導致未來資源流出，且能夠可靠估計該責任的金額，則確認撥備。

倘貼現影響重大，則確認撥備之金額為預期履行責任所需未來開支於報告期末之現值。貼現現值隨時間增加之金額計入損益表中之財務費用。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

### BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### EMPLOYEE BENEFITS – PENSION BENEFITS

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Company makes contributions to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme. Contributions to the defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

## 3. 主要會計政策概要 (續)

### 政府補貼

政府補貼於有合理保證確定其可收到且滿足一切附屬條件時以公平值確認。若補貼與費用項目相關，用於補償已發生的相關成本的，在確認相關成本的期間有系統地確認為收入。

倘補貼與某項資產有關，則公平值計入遞延收入賬，並於有關資產的預期可使用年內每年按等同金額分期撥至損益表。

### 借貸成本

由合資格資產，即需要花費較長時間而用於預期用途或出售的資產的收購、建造或生產直接所致的借款成本作為該等資產成本的部分被資本化。該等借款成本於大部分資產可用於預期用途或出售時停止資本化。由尚待支出於合資格資產的特定借款進行臨時投資所獲投資收益從資本化借款成本中扣除。所有其他借款成本於產生當期支出。借貸成本包括利息及實體就借取資金時招致的其他成本。

### 僱員福利 – 退休福利

在中國內地經營的本集團附屬公司之僱員須參與地方市政府所運作的中央退休金計劃。該等附屬公司須按其薪酬成本的百分比向中央退休金計劃供款。供款於根據中央退休金計劃的規則應付時於損益表扣除。

本公司向新加坡的界定供款退休金計劃中央公積金計劃作出供款。界定供款退休金計劃的供款乃於履行有關服務的期間內確認為開支。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### LEASES

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from lessor are charged to profit or loss on the straight-line basis over the lease terms.

#### REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

##### (a) SALE OF GOODS

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold.

##### (b) INTEREST INCOME

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

##### (c) RENTAL INCOME

Rental income is recognised on a time proportion basis over the lease term.

### 3. 主要會計政策概要(續)

#### 租約

資產擁有權的絕大部分回報及風險由出租人保留的租約入賬列為經營租約。當本集團為承租人時，經營租約項下的應付租金扣除出租人已收任何獎勵後於租期內以直線法自損益賬扣除。

#### 收入確認

於經濟利益可能流入本集團且收入能夠可靠計量時，按下列基準確認收入：

##### (a) 銷售貨品

來自銷售貨品的收入乃於貨品擁有權之重大風險及回報轉至客戶時確認，一般於交付及收取所出售貨物時致。

##### (b) 利息收入

利息收入乃透過採用精確折現於金融工具預期年期(或較短期間，倘適用)的估計收取的未來現金至金融資產賬面淨值的利率，以實際利率法按累計基準確認。

##### (c) 租賃收入

租賃收入在租約期間按時間比例確認。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### INCOME TAXES

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## 3. 主要會計政策概要(續)

### 所得稅

所得稅包括即期和遞延稅項。與確認於損益之外的稅項有關的所得稅確認於損益以外，並確認於其他全面收益或直接確認於權益之中。

根據截至報告期末已制定或實質制定的稅率(及稅法)，並考慮本集團經營所在國家的相關法律的普遍解釋及做法，即期稅項資產及負債以預估向稅務機關收回或支付的金額計量。

遞延稅項乃以負債法按資產及負債的稅基與其就財務申報而言的賬面值於報告日期的所有暫時性差額計提撥備。

所有稅項暫時性差額均會確認遞延稅項負債，惟於以下情況則除外：

- 倘遞延稅項負債乃由並非屬業務合併的交易中初步確認商譽或資產或負債所產生，而在交易時對會計溢利及應課稅溢利或虧損均無影響；及
- 就涉及附屬公司、聯營公司及合營企業的投資的應課稅暫時性差額而言，倘可控制撥回暫時性差額的時間，以及暫時性差額可能不會在可見將來撥回。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### INCOME TAXES (CONTINUED)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

### 3. 主要會計政策概要 (續)

#### 所得稅 (續)

遞延稅項資產乃就所有可扣稅暫時差額、未動用稅項抵免和未動用稅項虧損之結轉而確認。但該確認以將有應課稅溢利以動用可扣稅暫時差額、未動用稅項抵免和未動用稅項虧損之結轉以作對銷為限，惟以下情況除外：

- 與可扣稅暫時差額有關之遞延稅項資產乃因在一項並非業務合併之交易中初次確認資產或負債而產生，且交易時並不影響會計溢利或應課稅溢利或虧損；及
- 就與於附屬公司、聯營公司及合營企業的投資有關之可扣稅暫時差額而言，遞延稅項資產僅於暫時差額於可見將來有可能撥回以及將有應課稅溢利以動用暫時差額以作抵銷之情況下，方予確認。

遞延稅項資產之賬面值於每個申報期末予以審閱，並減至不再可能擁有足夠之應課稅溢利以動用全部或部分遞延稅項資產為限。未確認之遞延稅項資產於各申報期末重新評估，並以可能擁有充足應課稅溢利以供收回全部或部分遞延稅項資產為限確認。

遞延稅項資產及負債以預期資產被變現或清償負債的期間適用之稅率計量，並以於申報期末生效或實際生效之稅率（及稅法）為基準。



## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### INCOME TAXES (CONTINUED)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### SEGMENT REPORTING

For management purposes, the Group is organised into operating segments based on their products and the segment results are reported directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in note 5, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 3. 主要會計政策概要(續)

#### 所得稅(續)

僅當本集團有可合法執行權利可將即期稅項資產與即期稅項負債抵銷，且遞延稅項資產與遞延稅項負債與同一稅務機關對同一應稅實體或於各未來期間預期有大額遞延稅項負債或資產需要結算或清償時，擬按淨額基準結算即期稅務負債及資產或同時變現資產及結算負債之不同稅務實體徵收之所得稅相關，則遞延稅項資產與遞延稅項負債可予抵銷。

#### 分部報告

就管理而言，本集團根據其產品分類經營分部，並直接向本公司管理層申報分部業績，而本公司管理層會定期檢討分部業績，以分配資源至分部及評估分部表現。該等分部各自的額外披露載於附註5，包括用以識別可申報分部的因素及分部資料的計量基準。



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### CONTINGENCIES

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group;

or

- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the consolidated statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

#### DIVIDENDS

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

### 3. 主要會計政策概要(續)

#### 或然事項

或然負債指：

- (a) 因過去事件而可能產生的債務，此等債務僅就某一宗或多宗不確定未來事件會否發生才能確認，而本集團並不能完全控制此等未來事件會否發生；

或

- (b) 因過往事件而產生的現有債務並無被確認的原因：
  - (i) 不可能需要具經濟利益的資源流出以清償有關債務；或
  - (ii) 不能充份可靠地計量債務金額。

或然資產是因過去事件而可能產生的資產，而其僅就某一宗或多宗不確定未來事件會否發生才能確認，而本集團並不能完全控制此等未來事件會否發生。

或然負債及資產在本集團的綜合財務狀況表中不予確認，但於業務合併中承擔，且為現有債務，以及可以可靠地釐定其公平值的或然負債除外。

#### 股息

末期股息於股東大會上獲股東批准後才確認為負債。擬派末期股息於財務報表附註內披露。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

### INCOME TAXES

The Group has exposure to income taxes in Singapore and the PRC. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax recoverable, income tax payable, deferred tax assets and deferred tax liabilities at 31 December 2017 were RMB14,000, RMB31,595,000, RMB23,126,000, and RMB36,939,000, respectively (2016: RMB1,076,000, RMB191,000, RMB23,801,000 and RMB56,791,000, respectively).

## 4. 重大會計判斷及估計

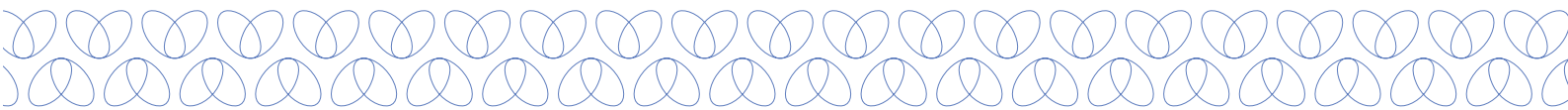
編製本集團綜合財務報表需要管理層作出判斷、估計及假設，該等判斷、估計及假設影響在各申報期末的收入、開支、資產及負債的申報金額、隨附披露以及或然負債的披露。然而，該等假設及估計的不明朗因素可導致可能需要對於未來期間受影響的資產或負債的賬面值作出重大調整的後果。

### 判斷

在應用本集團的會計政策時，除涉及估計者外，管理層已作出下列判斷，而該等判斷對於綜合財務報表內確認的金額有最重大的影響：

### 所得稅

本集團在新加坡及中國須繳納所得稅。釐定所得稅撥備時涉及重大判斷。在日常業務過程中，若干交易及計算法均不能確定最終稅款的釐定。本集團根據會否有額外稅項到期的估計，確認對預期稅務事宜之負債。倘該等事宜之最終稅務結果與初步確認之金額不同，該等差額將影響作出有關釐定期間之所得稅及遞延稅項撥備。本集團於二零一七年十二月三十一日的可收回所得稅、應付所得稅、遞延稅項資產及遞延稅項負債的賬面值分別為人民幣14,000元、人民幣31,595,000元、人民幣23,126,000元及人民幣36,939,000元(二零一六年：分別為人民幣1,076,000元、人民幣191,000元、人民幣23,801,000元及人民幣56,791,000元)。



#### 4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

##### ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

##### IMPAIRMENT OF GOODWILL

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2017 was RMB25,361,000 (2016: RMB25,361,000). Further details are given in Note 16.

##### IMPAIRMENT OF COAL MINING RIGHTS

The carrying values of coal mining rights are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable in accordance with the accounting policy for the impairment of non-financial assets in the section of summary of significant accounting policies. The recoverable amounts of the coal mining rights, or, where appropriate, the cash-generating units to which they belong, are calculated as the value in use. Estimating the value in use requires the Group to estimate the expected future cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows. At 31 December 2017, no impairment loss has been recognised for the coal mining rights. The carrying amount of the coal mining rights at 31 December 2017 was RMB90,684,000 (2016: RMB95,099,000). Further details are given in Note 17.

#### 4. 重大會計判斷及估計(續)

##### 估計不明朗因素

以下描述可能引致資產或負債之賬面值於下個財政年度或須予以重大調整，且有關未來的主要假設，以及於各報告期末存在之估計不確定性的其他主要來源。

##### 商譽減值

本集團至少每年釐定商譽是否減值。這要求估計商譽分配的現金產生單位的使用價值。使用價值的估計要求本集團對來自現金產生單位的預期未來現金流量作出估計，並選擇適當的折現率以計算該等現金流量的現值。於二零一七年十二月三十一日商譽的賬面值為人民幣25,361,000元(二零一六年：人民幣25,361,000元)。進一步詳情載於附註16。

##### 煤礦開採權的減值

當出現任何事件或情況發生變化，顯示賬面值根據會計政策的主要會計政策概要一節非金融資產減值不可收回時，本公司會評估煤礦開採權的賬面值的減值。煤礦開採權或其所屬的現金產生單位(如適用)的可回收價值按以使用價值計算。使用價值的評估需要本集團評估來自現金產生單位的未來現金流量，以及選擇合適的折現率以計算該等現金流量的現時價值。於二零一七年十二月三十一日，煤礦開採權並無確認減值虧損。於二零一七年十二月三十一日煤礦開採權的賬面值為人民幣90,684,000元(二零一六年：人民幣95,099,000元)。進一步詳情載於附註17。



## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

#### ESTIMATION UNCERTAINTY (CONTINUED)

##### COAL MINE RESERVE

The estimation of the Group's coal mine reserve are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before an estimated coal mine reserve can be designated as "proved" and "probable". Proved and probable coal mine reserve estimates are updated on regular intervals taking into recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimate of the proved and probable coal mine reserve also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related amortisation rates.

The capitalised cost of the coal mining right is amortised over the estimated useful life of the related coal mine reserve. The useful life is reviewed annually in accordance with the production of the plants of the Group and the proven and probable reserves of the coal mines. The carrying amount of the coal mining rights at 31 December 2017 was RMB90,684,000 (2016: RMB95,099,000).

### 4. 重大會計判斷及估計(續)

#### 估計不明朗因素(續)

##### 煤礦儲備

由於採集該等資料過程中的主觀判斷，本集團的煤礦儲備的估計不可避免為非精確值，僅表示約計數量。指定估計煤礦儲備為「經探明」及「可能」之前，應參照有關須達成的工程標準的官方指引。經探明及可能的煤礦儲備估計乃在考慮每個煤礦近期的產量及技術資料後定期予以更新。此外，由於價格及成本水平逐年變動，經探明及可能的煤礦儲備的估計亦將變動。該變動被視為作為會計目的的估計變動，並以預期基準反映於有關攤銷率中。

煤礦開採權的資本化成本按有關煤礦儲備的估計使用年期予以攤銷。使用年期根據本集團煤礦產量及經探明及可能的煤礦儲備每個年度予以檢視。於二零一七年十二月三十一日煤礦開採權的賬面值為人民幣90,684,000元(二零一六年：人民幣95,099,000元)。

## 5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products, and has five reportable operating segment (2016: three) as follows:

- (i) Manufacturing and sale of urea
- (ii) Manufacturing and sale of compound fertiliser
- (iii) Manufacturing and sale of methanol
- (iv) Manufacturing and sale of melamine
- (v) Manufacturing and sale of furfuryl alcohol

In the opinion of the directors, there were only limited operations in the subsidiaries that are engaged in coal mining and the sale of coal and the assets and liabilities were not material for the purpose of segment reporting. Accordingly, a separate operating segment for the coal mining business carried out by these subsidiaries has not been presented.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of gross profit. Group financing (including finance costs), income taxes and other unallocated items, as explained below, are managed on a group basis and are not allocated to operating segments.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

## 5. 經營分部資料

就管理而言，本集團按其產品劃分為業務單位，並擁有五個(二零一六年：三個)可申報經營分部：

- (i) 生產及銷售尿素
- (ii) 生產及銷售複合肥
- (iii) 生產及銷售甲醇
- (iv) 生產及銷售三聚氰胺
- (v) 生產及銷售糠醇

董事認為，從事煤礦開採及煤炭銷售的附屬公司開展的業務十分有限，故其資產及負債對分部申報而言並不重大。因此，並無另立獨立經營分部以呈列該等附屬公司所經營的煤礦開採業務。

除上文所指外，並無經營分部已合併組成上述可申報經營分部。

管理層獨立地監控本集團經營分部的業績，就資源分配及考績作出決策。分部業績基於可申報分部利潤進行評估，該利潤根據毛利計量。本集團的融資(包括財務成本)、所得稅及其他未分配項目(如下文所述)以組合基準管理，且並未分配至經營分部。

分部間的銷售和轉讓是按當時市場價格出售予第三方的銷售價格來進行交易。



## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 5. OPERATING SEGMENT INFORMATION (CONTINUED)

#### ALLOCATION BASIS

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise other income and gains, other expenses, selling and distribution expenses, general and administrative expenses, finance costs and income tax expense.

Group assets and liabilities cannot be directly attributable to individual segments as it is impracticable to allocate them to the segments. Assets of the Group are utilised interchangeably between different segments and there is no reasonable basis to allocate liabilities of the Group between different segments. Accordingly, it is not meaningful to disclose assets, liabilities and capital expenditure by operating segments.

#### GEOGRAPHICAL INFORMATION

There is no geographical information presented as the Group mainly operates in Mainland China only.

### 5. 經營分部資料(續)

#### 分配基準

分部業績包括分部直接應佔的項目及按合理基準所分配的項目。未分配項目包括其他收入及收益、其他開支、銷售及分銷開支、一般及行政開支、財務成本以及所得稅開支。

本集團的資產及負債不能直接分配至個別分部，因將其分配至分部並不實際可行。本集團的資產乃於不同分部之間交替使用，而且沒有合理基準將本集團的負債於不同分部之間分配。因此，按經營分部披露資產、負債及資本開支並無意義。

#### 地區資料

由於本集團主要只在中國內地經營業務，因此並無呈列地區資料。

## 5. OPERATING SEGMENT INFORMATION (CONTINUED)

### SEGMENT PROFIT INFORMATION

The directors of the Company are of the opinion that the segment profit is the gross profit.

## 5. 經營分部資料(續)

### 分部溢利資料

本公司董事認為分部溢利為毛利。

Year ended 31 December 2017 截至二零一七年 十二月三十一日止年度	Urea 尿素 RMB'000 人民幣千元	Compound fertiliser 複合肥 RMB'000 人民幣千元	Methanol 甲醇 RMB'000 人民幣千元	Melamine 三聚氰胺 RMB'000 人民幣千元	Furfuryl alcohol 糠醇 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Elimination 對銷 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	
<b>REVENUE</b>	<b>收入</b>								
Sales to external customers	銷售給外部客戶	2,852,270	2,271,824	684,597	382,546	462,094	908,216	-	7,561,547
Intersegment sales	分部間銷售	1,341,358	43,196	3,069	-	-	93,103	(1,480,726)	-
Total revenue	總收入	4,193,628	2,315,020	687,666	382,546	462,094	1,001,319	(1,480,726)	7,561,547
Segment result	分部業績	654,770	314,507	128,807	215,234	43,812	229,820	-	1,586,950
<i>Reconciliation:</i>	<i>對賬:</i>								
Interest income	利息收入								10,962
Unallocated other income and gains	未分配其他收入及收益								76,632
Unallocated expenses	未分配開支								(903,976)
Finance costs	財務成本								(285,851)
Profit before tax	除稅前溢利								484,717
Income tax expense	所得稅開支								(61,185)
Profit for the year	本年度溢利								423,532
<b>Other segment information:</b>	<b>其他分部資料:</b>								
Gain on disposal of items of property, plant and equipment (Note 6)	出售物業、廠房及設備項目的收益(附註6)								3,216
Depreciation of items of property, plant and equipment (Note 7)	物業、廠房及設備項目折舊(附註7)								606,984
Amortisation of prepaid land lease payments (Note 7)	預付土地租賃款項攤銷(附註7)								9,605
Amortisation of coal mining rights (Note 7)	煤礦開採權攤銷(附註7)								4,415
Capital expenditure*	資本開支*								1,384,113

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 5. OPERATING SEGMENT INFORMATION (CONTINUED)

## 5. 經營分部資料(續)

Year ended 31 December 2016 截至二零一六年 十二月三十一日止年度		Urea 尿素 RMB'000 人民幣千元	Compound fertiliser 複合肥 RMB'000 人民幣千元	Methanol 甲醇 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Elimination 對銷 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>REVENUE</b>	<b>收入</b>						
Sales to external customers	銷售給外部客戶	2,939,765	1,657,994	532,401	580,538	-	5,710,698
Intersegment sales	分部間銷售	273,336	11,230	2,266	6,366	(293,198)	-
Total revenue	總收入	3,213,101	1,669,224	534,667	586,904	(293,198)	5,710,698
Segment result	分部業績	558,767	277,821	79,720	107,300	-	1,023,608
<i>Reconciliation:</i>	<i>對賬:</i>						
Interest income	利息收入						15,705
Unallocated other income and gains	未分配其他收入及收益						54,280
Unallocated expenses	未分配開支						(787,138)
Finance costs	財務成本						(266,366)
Profit before tax	除稅前溢利						40,089
Income tax expense	所得稅開支						(11,054)
Profit for the year	本年度溢利						29,035
<b>Other segment information:</b>	<b>其他分部資料:</b>						
Loss on disposal of items of property, plant and equipment (Note 6)	出售物業、廠房及設備項目的虧損(附註6)						2,424
Depreciation of items of property, plant and equipment (Note 7)	物業、廠房及設備項目折舊(附註7)						522,118
Amortisation of prepaid land lease payments (Note 7)	預付土地租賃款項攤銷(附註7)						8,610
Amortisation of coal mining rights (Note 7)	煤礦開採權攤銷(附註7)						4,415
Capital expenditure*	資本開支*						824,580

\* Capital expenditure consists of additions to property, plant and equipment and intangible assets including assets acquired from the acquisition of a subsidiary.

\* 資本開支包括添置物業、廠房及設備及無形資產包括來自收購附屬公司的已收購資產。



## 6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after deduction of relevant taxes and allowances for returns and trade discounts.

An analysis of the Group's revenue, other income and gains is as follows:

## 6. 收入、其他收入及收益

收入，即本集團的營業額，出售貨品並扣除相關稅項、退貨及折扣後的淨發票價值。

本集團的收入、其他收入及收益分析如下：

		<b>Group</b> <b>本集團</b>	
		<b>2017</b> <b>二零一七年</b> <b>RMB'000</b> <b>人民幣千元</b>	<b>2016</b> <b>二零一六年</b> <b>RMB'000</b> <b>人民幣千元</b>
<b>Revenue</b>	<b>收入</b>		
Sales of goods	銷售貨品	<b>7,561,547</b>	5,710,698
<b>Other income and gains</b>	<b>其他收入及收益</b>		
Bank interest income	銀行利息收入	<b>10,962</b>	15,705
Net profit from sales of by-products	銷售副產品的純利	<b>25,304</b>	7,474
Net income on sale of electricity and water	銷售水電的淨收益	<b>1,422</b>	-
Amortisation of deferred grants (note 27)	遞延補貼攤銷(附註27)	<b>7,774</b>	5,943
Subsidy income	補助金收入	<b>27,660</b>	25,681
Compensation income	補償收益	<b>4,083</b>	10,373
Rental income	租賃收入	-	2,787
Exchange gains	匯兌收益	<b>6,797</b>	-
Gain on disposal of items of property, plant and equipment	出售物業、廠房及設備項目的收益	<b>3,216</b>	-
Others	其他	<b>376</b>	2,022
		<b>87,594</b>	69,985

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	Notes 附註		
Cost of inventories sold	銷售存貨成本	5,974,597	4,687,090
Depreciation of items of property, plant and equipment	物業、廠房及設備項目折舊	606,984	522,118
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	9,605	8,610
Amortisation of coal mining rights	煤礦開採權攤銷	4,415	4,415
Minimum lease payments under operating leases:	經營租約項下的最低租金付款：		
Land	土地	1,276	1,272
Buildings	樓宇	2,239	2,239
Factories	工廠	1,858	1,000
		5,373	4,511
Auditor's remuneration	核數師酬金	2,666	2,317
Employee benefit expenses (including directors' remuneration (Note 9)):	僱員福利開支(包括董事薪酬(附註9))：		
Salaries and bonuses	薪金及花紅	523,467	349,114
Pension scheme contributions (defined contribution scheme)	退休金計劃供款(界定供款計劃)	73,343	23,380
Benefits in kind	實物利益	29,019	26,331
		625,829	398,825
Impairment of an available-for-sale investment*	可供出售投資減值*	-	792
Unrealised exchange (gain)/loss, net*	未變現匯兌(收益)/虧損, 淨額*	(6,008)	24,398
Realised exchange (gain)/loss, net*	已變現匯兌(收益)/虧損, 淨額*	(789)	3,815
Loss on disposal of items of property, plant and equipment*	出售物業、廠房及設備項目的虧損*	-	2,424

\* Included in "Other expenses" disclosed in the consolidated statement of profit or loss and other comprehensive income.

## 7. 除稅前溢利

本集團的除稅前溢利乃經扣除/(計入)：

\* 計入綜合損益及其他全面收益表所披露的「其他開支」。

## 8. FINANCE COSTS

The Group's finance costs are analysed as follows:

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Interest on bank loans, overdrafts, other loans and bonds payable (including government loans)	銀行貸款、銀行透支、其他貸款及融資債券(包括政府貸款)的應付利息	285,851	278,081
Less: Interest capitalised	減：利息資本化	-	(11,715)
		<b>285,851</b>	<b>266,366</b>

## 9. DIRECTORS' REMUNERATION

Directors' remuneration for the year is as follows:

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Fees	袍金	800	800
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	2,274	2,217
Performance related bonuses*	業績花紅*	8,977	-
Pension scheme contributions	退休金計劃供款	66	123
		<b>11,317</b>	<b>2,340</b>
		<b>12,117</b>	<b>3,140</b>

\* Certain executive directors of the Company are entitled to bonuses which are determined as a percentage of the profit after tax of the Group.

## 8. 財務成本

本集團的財務成本分析如下：

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Interest on bank loans, overdrafts, other loans and bonds payable (including government loans)	銀行貸款、銀行透支、其他貸款及融資債券(包括政府貸款)的應付利息	285,851	278,081
Less: Interest capitalised	減：利息資本化	-	(11,715)
		<b>285,851</b>	<b>266,366</b>

## 9. 董事酬金

本年度董事的酬金如下：

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Fees	袍金	800	800
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	2,274	2,217
Performance related bonuses*	業績花紅*	8,977	-
Pension scheme contributions	退休金計劃供款	66	123
		<b>11,317</b>	<b>2,340</b>
		<b>12,117</b>	<b>3,140</b>

\* 本公司若干執行董事有權獲得按本集團除稅後溢利百分比釐定的花紅。

## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 9. DIRECTORS' REMUNERATION (CONTINUED)

#### (a) INDEPENDENT NON-EXECUTIVE DIRECTORS

The fees paid to independent non-executive directors during the year were as follows:

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Ong Kian Guan	王建源	300	300
Li Shengxiao	李生校	250	250
Ong Wei Jin	王為仁	250	250
		800	800

There were no other emoluments payable to the independent non-executive directors during the year (2016: Nil).

### 9. 董事酬金(續)

#### (a) 獨立非執行董事

年內付予獨立非執行董事之袍金如下：

年內概無應付予獨立非執行董事的其他酬金(二零一六年：無)。

## 9. DIRECTORS' REMUNERATION (CONTINUED)

### (b) EXECUTIVE DIRECTORS AND A NON-EXECUTIVE DIRECTOR

## 9. 董事酬金(續)

### (b) 執行董事及一名非執行董事

Year ended 31 December 2017 截至二零一七年 十二月三十一日止年度		Fees 袍金 RMB'000 人民幣千元	Salaries, allowances and benefits in kind 薪金、津貼 及實物利益 RMB'000 人民幣千元	Performance- related bonuses 考績花紅 RMB'000 人民幣千元	Pension scheme contributions 退休金 計劃供款 RMB'000 人民幣千元	Total remuneration 總計酬金 RMB'000 人民幣千元
Executive directors: 執行董事：						
Liu Xingxu 劉興旭		-	878	3,591	22	4,491
Yan Yunhua 閻蘊華		-	698	2,693	22	3,413
Zhang Qingjin 張慶金		-	698	2,693	22	3,413
		-	2,274	8,977	66	11,317
Non-executive director: 非執行董事：						
Lian Jie 廉潔		-	-	-	-	-
		-	2,274	8,977	66	11,317
Year ended 31 December 2016 二零一六年十二月 三十一日止年度						
Executive directors: 執行董事：						
Liu Xingxu 劉興旭		-	859	-	41	900
Yan Yunhua 閻蘊華		-	679	-	41	720
Zhang Qingjin 張慶金		-	679	-	41	720
		-	2,217	-	123	2,340
Non-executive director: 非執行董事：						
Lian Jie 廉潔		-	-	-	-	-
		-	2,217	-	123	2,340

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2016: Nil).

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

年內概無董事放棄或同意放棄任何酬金的安排(二零一六年：無)。

年內，本集團並無向董事支付酬金，作為加入或於加入本集團時的獎勵或作為離職的補償。

## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 10. FIVE HIGHEST PAY EMPLOYEES

The five highest paid employees during the year included three (2016: three) directors, details of whose remuneration are set out in Note 9 above. Details of the remuneration of the remaining two (2016: two) non-director, highest paid employees for the year are as follows:

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	424	450
Performance-related bonuses	業績花紅	1,200	1,200
Pension scheme contributions	退休金計劃供款	43	82
		<b>1,667</b>	1,732

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Nil to RMB500,000	零至人民幣 500,000 元	-	-
RMB500,001 to RMB1,000,000	人民幣 500,001 元至 人民幣 1,000,000 元	2	2
		<b>2</b>	2

During the year, no remuneration was paid by the Group to the five individuals with the highest emoluments in the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

### 10. 五名最高薪酬僱員

本集團本年度的五名最高薪酬僱員包括三名(二零一六年：三名)董事，其酬金的詳情載於上文附註9。有關其餘兩名(二零一六年：兩名)非董事最高薪酬僱員的酬金的詳情如下：

酬金屬下列範圍之內非董事最高薪酬僱員的數目如下：

本年度內，本集團並無向五名最高薪酬的僱員支付酬金，作為加入或於加入本集團時的獎勵或作為離職的補償。

## 11. INCOME TAX

The Company is incorporated in Singapore and is subject to income tax at the rate of 17% (2016: 17%) for the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

The Company's subsidiaries in Mainland China are subject to income tax at the rate of 25% (2016: 25%). In year 2017, two of the subsidiaries were given the New/High Tech Enterprise Award as recognition of their innovation and use of state-of-the-art equipment. This award brought these subsidiaries a tax concession of a lower income tax rate (i.e. 15%) for the year ended 31 December 2017 and the years ending 31 December 2018 and 2019.

The major components of income tax expense for the financial years ended 31 December 2017 and 2016 are:

## 11. 所得稅

本公司於新加坡註冊成立，於本年度須按 17% (二零一六年：17%) 的所得稅稅率繳納稅項。

於其他地方應課稅溢利的稅項按本集團經營所在的國家現行的稅率計算。

本公司的附屬公司於中國內地須按所得稅稅率 25% (二零一六年：25%) 繳納稅項。於二零一七年，其中兩家附屬公司獲發高新技術企業證書，以肯定其科技創新及使用先進的技術設備。該獎項使該等附屬公司於截至二零一七年十二月三十一日、二零一八年十二月三十一日及二零一九年十二月三十一日止年度可享有較低所得稅稅率 (即 15%) 的稅務優惠。

截至二零一七年及二零一六年十二月三十一日止財政年度所得稅開支之主要部分如下：

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Current – PRC	即期 – 中國		
Charge for the year	年度稅項	77,294	18,504
Under provision in prior years	過往年度撥備不足	3,068	3,011
Deferred (Note 32)	遞延稅項 (附註 32)	(19,177)	(10,461)
Total tax charge for the year	本年度稅項開支總額	61,185	11,054

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 11. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax charge for the year at the effective tax rate is as follows:

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Profit before tax	除稅前溢利	484,717	40,089
Tax at statutory tax rates	按法定稅率計算的稅項	121,179	13,148
Adjustments in respect of current tax of prior years	就過往年度的即期稅項作出的調整	3,068	3,011
Effect of a tax concession	稅務優惠的影響	(74,493)	(15,210)
Expenses not deductible for tax	不可扣稅開支	4,823	5,319
Tax losses not recognised	未確認稅項虧損	7,484	4,874
Withholding tax	預扣稅項	(1,202)	-
Others	其他	326	(88)
Tax charge at the effective rate of 12.6% (2016: 27.6%)	按實際稅率12.6%(二零一六年: 27.6%)計算的稅項開支	61,185	11,054

## 12. DIVIDEND

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Proposed final dividend – RMB8.49 cents (2016: RMB4.00 cents) per ordinary share	建議末期股息 – 每股普通股人民幣8.49分 (二零一六年: 人民幣4.00分)	85,500	40,000

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 11. 所得稅(續)

本年度使用適用於本公司及其附屬公司所在國家的法定稅率計算的除稅前溢利的稅項開支與按實際稅率計算的稅項開支對賬如下：

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Profit before tax	除稅前溢利	484,717	40,089
Tax at statutory tax rates	按法定稅率計算的稅項	121,179	13,148
Adjustments in respect of current tax of prior years	就過往年度的即期稅項作出的調整	3,068	3,011
Effect of a tax concession	稅務優惠的影響	(74,493)	(15,210)
Expenses not deductible for tax	不可扣稅開支	4,823	5,319
Tax losses not recognised	未確認稅項虧損	7,484	4,874
Withholding tax	預扣稅項	(1,202)	-
Others	其他	326	(88)
Tax charge at the effective rate of 12.6% (2016: 27.6%)	按實際稅率12.6%(二零一六年: 27.6%)計算的稅項開支	61,185	11,054

## 12. 股息

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Proposed final dividend – RMB8.49 cents (2016: RMB4.00 cents) per ordinary share	建議末期股息 – 每股普通股人民幣8.49分 (二零一六年: 人民幣4.00分)	85,500	40,000

於年內建議的末期股息須待本公司股東於即將舉行的股東週年大會上批准，始可作實。



### 13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic and diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares (inclusive of mandatorily convertible instruments issued) of 1,171,736,000 (2016: 1,176,000,000), as adjusted to reflect the convertible bonds issued in 2011.

The calculations of basic and diluted earnings per share are based on the following data:

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Earnings</b>	<b>盈利</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	用於計算每股基本及攤薄盈利的母公司普通股權益持有人應佔溢利	397,778	30,120

		Group 本集團	
		2017 二零一七年 Number of shares 股份數目	2016 二零一六年 Number of shares 股份數目
<b>Shares</b>	<b>股份</b>		
Weighted average number of ordinary shares (inclusive of mandatorily convertible instruments issued) for the purpose of calculating basic and diluted earnings per share	就計算每股基本及攤薄盈利而言的普通股加權平均數(包括已發行的強制性可換股工具)	1,171,736,000	1,176,000,000

### 13. 母公司普通股權益持有人應佔每股盈利

每股基本及攤薄盈利金額乃根據母公司普通股權益持有人應佔年內溢利，及經調整以反映二零一一年已發行的可換股債券的普通股加權平均數1,171,736,000股(包括已發行的強制性可換股工具)(二零一六年：1,176,000,000股)計算得出。

每股基本及攤薄盈利乃基於以下數據計算得出：

## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 14. PROPERTY, PLANT AND EQUIPMENT

31 December 2017

Group	本集團	14. 物業、廠房及設備						Total 總計
		Buildings 樓宇	Other fixtures and structures 其他固定 附著物及建築	Plant and machinery 廠房及機器	Office equipment and furniture 辦公室 設備及傢俱	Motor vehicles 汽車	Construction in progress 在建工程	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Cost:	成本：							
At 1 January 2017	於二零一七年一月一日	1,061,409	1,224,733	6,877,643	281,738	85,447	897,182	10,428,152
Additions	添置	8,613	6,315	64,477	8,070	9,908	1,269,488	1,366,871
Transfers	轉讓	122,868	438,983	323,177	1,226	-	(886,254)	-
Disposals	出售	(83,843)	(88,304)	(224,043)	(2,623)	(2,006)	-	(400,819)
At 31 December 2017	於二零一七年十二月三十一日	1,109,047	1,581,727	7,041,254	288,411	93,349	1,280,416	11,394,204
Accumulated depreciation:	累計折舊：							
At 1 January 2017	於二零一七年一月一日	147,208	181,203	1,719,306	138,351	40,563	-	2,226,631
Depreciation during the year (Note 7)	年內折舊(附註7)	44,294	85,044	423,517	41,325	12,804	-	606,984
Disposals	出售	(5,057)	(6,829)	(33,067)	(855)	(1,186)	-	(46,994)
At 31 December 2017	於二零一七年十二月三十一日	186,445	259,418	2,109,756	178,821	52,181	-	2,786,621
Net carrying amount:	賬面淨值：							
At 31 December 2017	於二零一七年十二月三十一日	922,602	1,322,309	4,931,498	109,590	41,168	1,280,416	8,607,583

The Group has pledged plant and machinery with a net carrying value of RMB190,096,000 (2016: RMB220,991,000) to secure a bank borrowing granted to the Group (Note 29).

本集團已抵押賬面淨值人民幣190,096,000元(二零一六年：人民幣220,991,000元)廠房及機器以確保授予本集團一項銀行借款(附註29)。

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

31 December 2016

Group	本集團	Buildings 樓宇 RMB'000 人民幣千元	Other fixtures and structures 其他固定 附著物及建築 RMB'000 人民幣千元	Plant and machinery 廠房及機器 RMB'000 人民幣千元	Office equipment and furniture 辦公室設備 及傢俱 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost:	成本:							
At 1 January 2016	於二零一六年一月一日	1,024,708	1,174,414	6,284,876	263,823	79,009	898,385	9,725,215
Additions	添置	4,642	15,727	58,833	11,241	8,406	633,889	732,738
Transfers	轉讓	43,193	34,592	549,290	8,017	-	(635,092)	-
Disposals	出售	(11,134)	-	(15,356)	(1,343)	(1,968)	-	(29,801)
At 31 December 2016	於二零一六年十二月三十一日	1,061,409	1,224,733	6,877,643	281,738	85,447	897,182	10,428,152
Accumulated depreciation:	累計折舊:							
At 1 January 2016	於二零一六年一月一日	106,569	133,112	1,337,785	104,831	29,153	-	1,711,450
Depreciation during the year (Note 7)	年內折舊(附註7)	42,035	48,530	385,576	33,640	12,337	-	522,118
Disposals	出售	(1,396)	(439)	(4,055)	(120)	(927)	-	(6,937)
At 31 December 2016	於二零一六年十二月三十一日	147,208	181,203	1,719,306	138,351	40,563	-	2,226,631
Net carrying amount:	賬面淨值:							
At 31 December 2016	於二零一六年十二月三十一日	914,201	1,043,530	5,158,337	143,387	44,884	897,182	8,201,521

## 14. 物業、廠房及設備(續)

於二零一六年十二月三十一日

## 15. PREPAID LAND LEASE PAYMENTS AND OTHER INTANGIBLE ASSETS

Group	本集團	Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Carrying amount at 1 January	於一月一日的賬面值		383,024	194,792
Additions	添置		17,242	91,842
Addition through acquisition of a subsidiary	透過收購附屬公司添置		-	105,000
Amortisation during the year	年內攤銷	7	(9,605)	(8,610)
Carrying amount at 31 December	於十二月三十一日的 賬面值		390,661	383,024
Current portion included in prepayments	計入預付款項的 即期部分	19	(8,953)	(8,610)
Non-current portion	非即期部分		381,708	374,414

## 15. 預付土地租賃款項及其他無形資產

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 16. GOODWILL

Group	本集團	RMB'000 人民幣千元
Cost:	成本：	
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	於二零一六年一月一日、二零一六年十二月三十一日、 二零一七年一月一日及二零一七年十二月三十一日	25,361
Accumulated impairment:	累計減值：	
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	於二零一六年一月一日、二零一六年十二月三十一日、 二零一七年一月一日及二零一七年十二月三十一日	-
Net carrying amount:	賬面淨值：	
At 31 December 2017	於二零一七年十二月三十一日	25,361
At 31 December 2016	於二零一六年十二月三十一日	25,361

### IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through business combinations amounting to RMB25,361,000 (2016: RMB25,361,000) has been allocated to the coal mining cash-generating units for impairment testing.

The recoverable amount of the coal mining cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a 30-year period approved by management. The pre-tax discounted rate applied to the cash flow projections is 11.2% (2016: 10.9%).

Based on the annual impairment testing, no impairment charge was recognised during the year.

## 16. 商譽

### 商譽減值測試

透過業務合併收購的人民幣25,361,000元（二零一六年：人民幣25,361,000元）的商譽已分配至煤礦開採權現金產生單位，以進行減值測試。

煤礦開採權現金產生單位的可收回金額已按使用價值計算為基準釐定，而使用價值乃採用經管理層批准的財務預算為基準，涵蓋30年期間的現金流量預測計算。稅前現金流量預測採用11.2%（二零一六年：10.9%）的折現率折現。

根據年度減值測試，於本年度內並無確認減值撥備。

## 16. GOODWILL (CONTINUED)

### ASSUMPTIONS USED IN THE VALUE-IN-USE CALCULATION

The following describes each key assumption on which management has based its cash flow projections to undertake the impairment testing of goodwill:

#### (I) BUDGETED GROSS MARGIN

The basis used to determine the value assigned to the future gross margin is the average gross margin achieved in the year immediately before the budget year, increased for expected efficiency improvements and expected market development.

#### (II) RAW MATERIALS PRICE

The basis used to determine the value assigned to raw materials price is the forecast price indices during the budget year.

#### (III) COMMODITY PRICE

The basis used to determine the value assigned to commodity price is the expectation of future changes in the market.

#### (IV) PRE-TAX DISCOUNT RATE

The pre-tax discount rate used is before tax and reflects specific risks relating to the relevant unit.

With regards to the assessment of value in use for coal mining cash-generating unit, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the coal mining cash-generating unit to materially exceed its recoverable amount.

## 16. 商譽(續)

### 使用價值計算採用的假設

各主要假設如下所述，據此管理層已根據現金流量預測對商譽進行減值測試：

#### (I) 預算毛利率

用於釐定未來毛利率的指定價值的基準為緊接預算年度之前年度的已得平均毛利率，可根據預期效率改進及預期市場發展增加。

#### (II) 原材料價格

用於釐定原材料價格的指定價值的基準為預算年度內預報價格指數。

#### (III) 商品價格

用於釐定商品價格的指定價值的基準為市場未來變動的預期。

#### (IV) 稅前折現率

採用的稅前折現率為稅前並反映有關相關單元的特殊風險。

就評估煤礦開採現金產生單位的使用價值而言，管理層認為，任何上述主要假設之合理可能變動概不會導致煤礦開採現金產生單位的賬面值超過其可收回金額。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 17. COAL MINING RIGHTS

## 17. 煤礦開採權

Group	本集團	RMB'000 人民幣千元
<b>31 December 2017</b>	<b>於二零一七年十二月三十一日</b>	
Cost at 1 January 2017, net of accumulated amortisation	於二零一七年一月一日的成本，扣除累計攤銷	95,099
Amortisation provided during the year (Note 7)	年度攤銷撥備(附註7)	(4,415)
At 31 December 2017	於二零一七年十二月三十一日	90,684
At 31 December 2017:	於二零一七年十二月三十一日：	
Cost	成本	109,570
Accumulated amortisation	累計攤銷	(18,886)
Net carrying amount	賬面淨值	90,684
<b>31 December 2016</b>	<b>於二零一六年十二月三十一日</b>	
Cost at 1 January 2016, net of accumulated amortisation	於二零一六年一月一日的成本，扣除累計攤銷	99,514
Amortisation provided during the year (note 7)	年度攤銷撥備(附註7)	(4,415)
At 31 December 2016	於二零一六年十二月三十一日	95,099
At 31 December 2016:	於二零一六年十二月三十一日：	
Cost	成本	109,570
Accumulated amortisation	累計攤銷	(14,471)
Net carrying amount	賬面淨值	95,099

### IMPAIRMENT TESTING OF COAL MINING RIGHTS

During the year ended 31 December 2017, the Group performed impairment assessment on the coal mining rights of RMB90,684,000.

The recoverable amount of coal mining rights has been determined based on a value-in-use calculation. The key assumptions are included in Note 16 to the consolidated financial statements.

Based on the annual impairment testing, no impairment charge was recognised during the year.

### 煤礦開採權的減值

截至二零一七年十二月三十一日止年度，本集團對煤礦開採權人民幣90,684,000元進行減值評估。

煤礦開採權的可收回金額已根據使用價值計算釐定。主要假設載於綜合財務報表附註16。

根據年度減值測試，於本年度內並無確認減值撥備。

## 18. AVAILABLE-FOR-SALE INVESTMENTS

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Non-current</b>	<b>非流動</b>		
Unquoted equity investment, at cost net of impairment:	非上市股本投資，按成本扣除減值：		
PRC	中國	6,708	6,708
<b>Current</b>	<b>流動</b>		
Listed equity investment, at fair value:	上市股本投資，按公平值：		
Singapore	新加坡	2,678	4,185
Hong Kong	香港	34,500	-
		<b>37,178</b>	4,185

		Company 本公司	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Current</b>	<b>流動</b>		
Listed equity investment, at fair value:	上市股本投資，按公平值：		
Singapore	新加坡	2,678	4,185
Hong Kong	香港	34,500	-
		<b>37,178</b>	4,185

During the year, the fair value loss in respect of an available-for-sale investment were charged to other comprehensive income amounted to RMB1,507,000. In the prior year, the fair value gain were charged to other comprehensive income amounted to RMB505,000.

As at 31 December 2017, the Group's listed equity investment with a carrying value of RMB37,178,000 (2016: RMB4,185,000) was classified as a current asset because the directors of the Company had intention to dispose of the investment in the forthcoming year.

## 18. 可供出售投資

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Non-current</b>	<b>非流動</b>		
Unquoted equity investment, at cost net of impairment:	非上市股本投資，按成本扣除減值：		
PRC	中國	6,708	6,708
<b>Current</b>	<b>流動</b>		
Listed equity investment, at fair value:	上市股本投資，按公平值：		
Singapore	新加坡	2,678	4,185
Hong Kong	香港	34,500	-
		<b>37,178</b>	4,185

		Company 本公司	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Current</b>	<b>流動</b>		
Listed equity investment, at fair value:	上市股本投資，按公平值：		
Singapore	新加坡	2,678	4,185
Hong Kong	香港	34,500	-
		<b>37,178</b>	4,185

本年度，計入其他全面收入的可供出售投資有關之公平值虧損金額為人民幣1,507,000元。於上年，公平值收益已於其他全面收入內扣除，金額為人民幣505,000元。

於二零一七年十二月三十一日，本集團賬面值人民幣37,178,000元（二零一六年：4,185,000元）的上市股本投資已分類為流動資產，因為本公司董事計劃於來年出售投資。

## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 18. AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

The Group's investment in an unlisted equity security represents a 15% equity interest in the unlisted registered capital of Manas Biyuan Water Supply Company Limited ("Biyuan"), a company registered in the PRC, and was stated at cost of RMB7,500,000 (2016: RMB7,500,000) less impairment of RMB792,000 (2016: RMB792,000) because the directors of the Company consider that the range of a reasonable fair value estimates is so significant that the fair value cannot be measured reliably. The Group has no control nor significant influence over the financial and operating policies of Biyuan. The Group does not intend to dispose of it in the near future.

### 19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

### 18. 可供出售投資(續)

本集團之未上市股本證券投資乃指於瑪納斯縣碧源供水有限責任公司(「碧源」，一間於中國註冊成立之公司)的未上市註冊資本的15%股權，並且按成本人民幣7,500,000元(二零一六年：人民幣7,500,000元)減減值人民幣792,000元(二零一六年：人民幣792,000元)列賬，因為估計合理公平值範圍太大，本公司董事認為無法可靠計量其公平值。本集團無意於可見未來出售有關投資。

### 19. 預付款項、按金及其他應收款項

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Non-current</b>	<b>非流動</b>		
Prepayments for purchases of items of property, plant and equipment	購買物業、廠房及設備項目的預付款項	135,493	118,391
Prepayment for acquisition of an available-for-sale investment	收購可供出售投資的預付款項	-	8,025
		<b>135,493</b>	<b>126,416</b>
<b>Current</b>	<b>流動</b>		
Prepayments:	預付款項：		
Advanced deposits to suppliers	預付供應商的按金	445,910	341,572
Current portion of prepaid land lease payments (note 15)	預付土地租賃款項的即期部分(附註15)	8,953	8,610
Others	其他	2,455	5,731
		<b>457,318</b>	<b>355,913</b>
Deposits and other receivables:	按金及其他應收款項：		
Deposits	按金	103,600	-
VAT recoverable	應收增值稅	326,058	357,925
Receivable of disposal of fixed assets	出售固定資產之應收款項	197,636	-
Others	其他	93,818	74,653
		<b>721,112</b>	<b>432,578</b>
Total prepayments, deposits and other receivables	預付款項、按金及其他應收款項總額	<b>1,178,430</b>	<b>788,491</b>



## 19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

		Company 本公司	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Current</b>	<b>流動</b>		
Prepayments	預付款項	4,805	318

## 20. INVENTORIES

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Raw materials	原材料	331,607	181,210
Parts and spares	部件及備用零件	83,954	60,020
Work-in-progress	在製品	-	11,973
Finished goods	製成品	299,477	196,302
		715,038	449,505

## 21. TRADE AND BILLS RECEIVABLES

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade receivables	貿易應收款項	131,017	73,514
Impairment	減值	(3,254)	-
Bills receivable	應收票據	33,066	1,603
		160,829	75,117

Trade receivables are non-interest-bearing and are normally settled on terms of 30 to 90 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group's bills receivable are non-interest-bearing and are normally settled on terms of 90 to 180 days. Trade and bills receivables are denominated in RMB.

## 19. 預付款項、按金及其他應收款項 (續)

		Company 本公司	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Current</b>	<b>流動</b>		
Prepayments	預付款項	4,805	318

## 20. 存貨

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Raw materials	原材料	331,607	181,210
Parts and spares	部件及備用零件	83,954	60,020
Work-in-progress	在製品	-	11,973
Finished goods	製成品	299,477	196,302
		715,038	449,505

## 21. 貿易應收款項及應收票據

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade receivables	貿易應收款項	131,017	73,514
Impairment	減值	(3,254)	-
Bills receivable	應收票據	33,066	1,603
		160,829	75,117

貿易應收款項為免息及一般於30至90日內清償。該等應收賬款以其原始發票金額確認，該等金額代表其在初始確認時的公平值。本集團的應收票據為免息及一般於90至180日內清償。貿易應收款項及應收票據以人民幣計值。

## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 21. TRADE AND BILLS RECEIVABLES (CONTINUED)

The Group's trading terms with its customers are mainly payment in advance or on credit for certain customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances.

#### RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

An aging analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within 1 month	1個月以內	98,220	39,452
1 to 3 months	1至3個月	8,058	10,289
3 to 6 months	3至6個月	6,835	14,617
6 to 12 months	6至12個月	10,969	5,974
Over 12 months	12個月以上	3,681	3,182
		<b>127,763</b>	73,514

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

### 21. 貿易應收款項及應收票據(續)

本集團與其客戶的交易條款主要為預付款項，若干客戶或可取得信貸期。各客戶有信貸期上限。本集團尋求維持對其尚未到期的應收款項的嚴格控制，以減低信貸風險。逾期結餘會由高級管理層定期審閱。鑒於上文所述，及本集團的貿易應收款項分佈於大量分散的客戶，故並無重大信貸集中風險。本集團並無就該等結餘持有任何抵押品或其他信貸保證。

#### 已逾期但未減值之應收款項

本集團貿易應收款項於申報期末的賬齡分析(根據發票日期及扣除撥備)如下：

未逾期亦未減值的應收款項與大量近期沒有拖欠記錄的分散客戶有關。

已逾期但未減值的應收款項與若干與本集團存有良好往績記錄的獨立客戶有關。根據過往經驗，本公司董事認為毋須就該等結餘計提減值撥備，因信貸質素並無重大變動及該等結餘仍被視為可全數收回。

## 21. TRADE AND BILLS RECEIVABLES (CONTINUED)

### RECEIVABLES THAT ARE IMPAIRED

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade receivables – nominal amounts	貿易應收款項 – 名義金額	3,254	-
Less: Allowance for impairment	減：減值撥備	(3,254)	-
		-	-

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Movement in allowance accounts	撥備賬之變動：		
At 1 January	於一月一日	-	-
Charge for the year	年度撥備	(3,254)	-
At 31 December	於十二月三十一日	(3,254)	-

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

## 21. 貿易應收款項及應收票據(續)

### 已減值之應收款項

本集團於報告期末已減值的貿易應收款項以及用於記錄減值的撥備賬波動如下：

於報告期末個別釐定為減值的貿易應收款項與陷入重大財務困難及已拖欠付款的債務人有關。該等應收款項並未以任何抵押品或信貸保證作抵押。

## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 21. TRADE AND BILLS RECEIVABLES (CONTINUED)

#### RECEIVABLES THAT ARE IMPAIRED (CONTINUED)

At 31 December 2017, the Group endorsed bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with an aggregate carrying amount of RMB1,310,538,000 (2016: RMB362,132,000) with maturity ranging from one to six months at the end of the reporting period, to certain of its suppliers for settlement of the trade payables due to these suppliers (the "Endorsement"). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, all risks and rewards relating to the Endorsed Bills have been substantially transferred upon the Endorsement. Accordingly, the Group has derecognised the full carrying amounts of the Endorsed Bills and the associated trade payables. The maximum exposure arising from the Group's Continuing Involvement in the Endorsed Bills and the undiscounted cash flows to repurchase these Endorsed Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Endorsed Bills are not significant.

During the years ended 31 December 2017 and 2016, the Group has not recognised any gain or loss on the date of transfer of the Endorsed Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The Endorsement has been made evenly throughout the year.

### 21. 貿易應收款項及應收票據(續)

#### 已減值之應收款項(續)

於二零一七年十二月三十一日，本集團已向其若干供應商背書獲中國內地銀行兌現，賬面值總額為人民幣1,310,538,000元（二零一六年：人民幣362,132,000元）的應收票據（「背書票據」），以清償應付該等供應商的貿易應付款項（「背書」），期限介乎報告期末一至六個月內。根據中國有關可轉讓票據的法律，倘中國銀行拖欠還款，背書票據的持有人有權向本集團追索欠款（「持續參與」）。董事認為，與背書票據有關的絕大部分風險和回報在作出背書後已獲轉讓。因此，本集團已終止確認背書票據和相關的貿易應付款項的全數賬面值。本集團因持續參與背書票據而面臨的最大風險和購回該等背書票據的未折現現金流量，均相等於其賬面值。董事認為，本集團持續參與背書票據的公平值並不重大。

於截至二零一七年及二零一六年十二月三十一日止年度，本集團並無確認於轉讓背書票據日期的任何收益或虧損。於年內或累積期間，均無來自持續參與的任何收益或虧損獲確認。背書已於整個年度內平均作出。

## 22. BALANCES WITH RELATED COMPANIES/A SUBSIDIARY

Particulars of the balances with related companies and a subsidiary, in which certain shareholders, executive directors of the Company are also direct/indirect shareholders and directors are as follows:

		Notes 附註	Group 本集團 2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Due from related companies</b>	<b>應收關連公司款項</b>			
Non-current:	非即期：			
Xinxiang Xinlianxin Chemicals Equipment Co., Ltd.	新鄉市心連心化工設備有限公司	(i)	13,272	-
Current:	即期：			
Xinxiang Xinlianxin Chemicals Equipment Co., Ltd.	新鄉市心連心化工設備有限公司	(i)	2,251	9,146
Xinxiang Shenzhou Anti-corrosion Installation Co., Ltd.	新鄉市神州防腐安裝有限公司	(ii)	350	-
Xinjiang Antai Shenzhou Fengtou Co., Ltd.	新疆安泰神州封頭有限公司		1	-
Anhui Xinlianxin Heavy Sealing Co., Ltd.	安徽心連心重型封頭有限公司		1	-
			2,603	9,146
<b>Due to related companies</b>	<b>應付關連公司款項</b>			
Current:	即期：			
Xinxiang Shenzhou Anti-corrosion Installation Co., Ltd.	新鄉市神州防腐安裝有限公司		(20)	-
Henan XLX Jingmi Fengtou Co., Ltd.	河南心連心精密封頭有限公司		(23)	-
Henan Xinlianxin Chemicals Group Co., Ltd.	河南心連心化工集團有限公司		(2)	(1,967)
Xinjiang Antai Shenzhou Fengtou Co., Ltd.	新疆安泰神州封頭有限公司		-	(2,192)
Biyuan	碧源		-	(232)
			(45)	(4,391)

## 22. 與關連公司／一間附屬公司的結餘

與關連公司及一間附屬公司的結餘的詳情(其中本公司若干股東、執行董事亦為直接／間接股東及董事)如下：

## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 22. BALANCES WITH RELATED COMPANIES/A SUBSIDIARY (CONTINUED)

		Company 本公司	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Due from a subsidiary</b>	<b>應收附屬公司款項</b>		
Henan Xinlianxin Fertiliser Co., Ltd.	河南心連心化肥有限公司	329,721	219,400
<b>Due to a subsidiary</b>	<b>應付附屬公司款項</b>		
Henan Xinlianxin Fertiliser Co., Ltd.	河南心連心化肥有限公司	294,951	-

Notes:

- (i) Balance represented prepayments for equipment purchases from Xinxiang Xinlianxin Chemicals Equipment Co., Ltd. under an equipment purchase agreement. Further details are set out in Note 38(a)(ii).
- (ii) Balance represented prepayments for spare parts purchases from Xinxiang Shenzhou Anti-corrosion Installation Co., Ltd.. Further details are set out in Note 38(a)(ii).

The balances are unsecured, repayable on demand and interest-free and the carrying amounts of these balances approximate their fair values.

### 22. 與關連公司／一間附屬公司的結餘(續)

附註：

- (i) 根據設備購買協議，自新鄉市心連心化工設備有限公司採購設備的預付款項餘額。進一步詳情乃載於附註38(a)(ii)。
- (ii) 自新鄉市神州防腐安裝有限公司零配件採購的預付款項餘額。進一步詳情乃載於附註38(a)(ii)。

結餘為無抵押、按要求應付及免息且該等結餘之賬面值與其公平值相若。

### 23. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	341,270	512,086
Time deposits	定期存款	186,465	226,349
		<b>527,735</b>	<b>739,155</b>
Less: Pledged cash and bank balance and time deposits:	減：已抵押現金及銀行結餘及定期存款：		
Pledged for environmental improvement	就環境改善已抵押款項	(5,388)	-
Pledged time deposits for bills payable	就應付票據已抵押的定期存款	(181,077)	(226,349)
Cash and cash equivalents	現金及現金等價物	<b>341,270</b>	<b>512,806</b>

		Company 本公司	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	52,416	13,034

At 31 December 2017, the cash and bank balances of the Group denominated in RMB amounted to RMB334,583,000 (2016: RMB499,666,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

### 23. 現金及現金等價物以及已抵押存款

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	341,270	512,086
Time deposits	定期存款	186,465	226,349
		<b>527,735</b>	<b>739,155</b>
Less: Pledged cash and bank balance and time deposits:	減：已抵押現金及銀行結餘及定期存款：		
Pledged for environmental improvement	就環境改善已抵押款項	(5,388)	-
Pledged time deposits for bills payable	就應付票據已抵押的定期存款	(181,077)	(226,349)
Cash and cash equivalents	現金及現金等價物	<b>341,270</b>	<b>512,806</b>

		Company 本公司	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	52,416	13,034

於二零一七年十二月三十一日，以人民幣計值的本集團現金及銀行結餘達到人民幣334,583,000元（二零一六年：人民幣499,666,000元）。人民幣並不可自由兌換為其他貨幣，然而，根據中國內地的外匯管制條例及結匯、售匯及付匯管理規定，本集團獲准透過獲授權進行外匯業務的銀行將人民幣兌換為其他貨幣。

銀行存款按日常銀行存款利率的浮動利率賺取利息。短期定期存款介乎一日至三個月之間的可變期間，視乎本集團即時的現金需求而定，並按各自的短期定期存款利率賺取利息。銀行結餘及已抵押存款乃存放於信譽可靠兼無近期拖欠記錄的銀行。

## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 24. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within 1 month	1個月以內	128,832	88,652
1 to 3 months	1至3個月	50,374	52,215
3 to 6 months	3至6個月	38,120	13,375
6 to 12 months	6至12個月	12,985	16,680
Over 12 months	12個月以上	16,390	14,655
		<b>246,701</b>	<b>185,577</b>

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days. Trade payables are denominated in RMB.

### 25. BILLS PAYABLE

The Group's bills payable have an average maturity period of 180 days and are non-interest-bearing. Bills payable are denominated in RMB and are secured by time deposits of RMB181,077,000 (2016: RMB226,349,000) (Note 23).

### 24. 貿易應付款項

貿易應付款項於申報期末的賬齡分析(根據發票日期)如下:

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within 1 month	1個月以內	128,832	88,652
1 to 3 months	1至3個月	50,374	52,215
3 to 6 months	3至6個月	38,120	13,375
6 to 12 months	6至12個月	12,985	16,680
Over 12 months	12個月以上	16,390	14,655
		<b>246,701</b>	<b>185,577</b>

貿易應付款項為免息及一般於30至90日內清償。貿易應付款項以人民幣計值。

### 25. 應付票據

本集團的應付票據平均於180日內到期，且為免息。應付票據以人民幣計值，並以定期存款人民幣181,077,000元(二零一六年：人民幣226,349,000元)抵押(附註23)。



## 26. ACCRUALS AND OTHER PAYABLES

## 26. 應計費用及其他應付款項

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Current:</b>	<b>即期：</b>		
Accruals	應計費用		
Accrued expenses	應計開支	166,243	100,209
Accruals for construction costs and purchases of items of property, plant and equipment	建設費用及購買物業、廠房及設備項目的應計費用	411,273	415,538
		577,516	515,747
Other payables	其他應付款項		
Advanced purchase deposits from customers	客戶預付購買保證金	795,448	558,816
VAT and other operating tax payables	增值稅及其他應付經營稅項	5,276	8,048
Tender deposits	投標按金	57,233	28,516
Others	其他	83,863	84,860
		941,820	680,240
Total accruals and other payables (current)	應計費用及其他應付款項總額(流動)	1,519,336	1,195,987
<b>Non-current:</b>	<b>非即期：</b>		
Accruals and other payables	應計費用及其他應付款項		
Warranty for construction and property, plant and equipment	建設及物業、廠房及設備之保證金	110,244	225,911
Others		726	841
Total accruals and other payables (non-current)	應計費用及其他應付款項總額(非流動)	110,970	226,752

		Company 本公司	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Current:</b>	<b>即期：</b>		
Accruals	應計費用		
Accrued expenses	應計開支	14,825	9,270

Other payables are non-interest-bearing and have an average term of six months.

其他應付款項為免息，平均年期為六個月。

## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 27. DEFERRED GRANTS

### 27. 遞延補貼

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cost:	成本：		
At 1 January	於一月一日	73,755	67,015
Received during the year	年內收取	52,921	6,740
At 31 December	於十二月三十一日	126,676	73,755
Accumulated amortisation:	累計攤銷：		
At 1 January	於一月一日	18,972	13,029
Amortisation during the year (note 6)	年內攤銷(附註6)	7,774	5,943
At 31 December	於十二月三十一日	26,746	18,972
Net carrying amount:	賬面淨值：		
Current	流動	5,943	5,979
Non-current	非流動	93,987	48,804
		<b>99,930</b>	<b>54,783</b>

As at 31 December 2017 and 31 December 2016, deferred grants related to government grants were given to the Group for the construction of production plants and installation and building of machinery to implement energy-saving production methods and to reduce production cost. They are amortised over the useful lives of the related items of property, plant and equipment. There are no unfulfilled conditions or contingencies relating to these grants. During the year, aggregate government grants of RMB52,921,000 (2016: RMB6,740,000) were received by the Group.

於二零一七年十二月三十一日及二零一六年十二月三十一日，本集團獲授與政府補貼有關的遞延補貼，以建設生產廠房以及安裝及建設機器，目的為推行節約能源生產方式及減低生產成本，並根據有關物業、廠房及設備項目的可使用年期攤銷。本集團並無與該等補貼有關的未履行條件或或然事項。於年內，政府已向本集團授予合共人民幣52,921,000元(二零一六年：人民幣6,740,000元)的補貼。

## 28. LOAN FROM A NON-CONTROLLING INTEREST

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Loan from a non-controlling interest	非控股權益貸款	75,250	100,000
Less:	減：		
Current portion	流動部分	(24,750)	(24,750)
Non-current portion	非即期部分	50,500	75,250

The loan from a non-controlling interest is unsecured and bears interest at 4.75% per annum. The loan is granted for a term of three years from 30 August 2016. According to the payment terms of the loan agreement between the parties, RMB24,750,000 is expected to be repaid within twelve months after the end of the reporting period and is considered as current liability as at 31 December 2017.

## 28. 非控股權益貸款

非控股權益貸款為無抵押及按年利率4.75%計息。獲授貸款的期限自二零一六年八月三十日起為期三年。根據雙方訂立的貸款協議的支付條款，人民幣24,750,000元預期於申報期間末後十二個月內償還及於二零一七年十二月三十一日被視作流動負債。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 29. INTEREST-BEARING BANK AND OTHER BORROWINGS

## 29. 計息銀行及其他借款

Group	本集團	2017 二零一七年			2016 二零一六年		
		Contractual interest rate 合約利率	Maturity 到期日	RMB'000 人民幣千元	Contractual interest rate 合約利率	Maturity 到期日	RMB'000 人民幣千元
<b>Current</b>	<b>流動</b>						
Bank loans	銀行貸款						
- secured	- 有抵押	-	2018 二零一八年	-	1.85% to 2.26%	2017	261,150
- unsecured	- 無抵押	4.35% to 5.39%	2018 二零一八年	1,646,112	4.00% to 6.88%	2017	495,006
				1,646,112			756,156
<b>Non-current</b>	<b>非流動</b>						
Bank loans	銀行貸款						
- secured	- 有抵押	4.13%	2019 二零一九年	176,000	4.13%	2018	176,000
- unsecured	- 無抵押	4.35% to 6.0%	2019 to 2022	2,786,288	4.3% to 6.88%	2018 to 2021	3,421,750
Loan from the government	政府貸款						
- unsecured	- 無抵押	Floating rate at 0.3% above the market prime lending rate 浮動利率(高於市場貸款基準利率0.3%)	2020	2,727	Floating rate at 0.3% above the market prime lending rate 浮動利率(高於市場貸款基準利率0.3%)	2020	3,636
				2,965,015			3,601,386
				4,611,127			4,357,542

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Analysed into:	分析為：		
Bank loans repayable:	應償還銀行貸款：		
Within one year or on demand	於一年內或於通知時	1,646,112	756,156
In the second year	於第二年	2,032,400	2,397,800
In the third to fifth years, inclusive	於第三至第五年 (包括首尾兩年)	929,888	1,199,950
		4,608,400	4,353,906
Other borrowings repayable:	應償還其他借款：		
In the third to fifth years, inclusive	於第三至第五年 (包括首尾兩年)	2,727	3,636
		4,611,127	4,357,542

## 29. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

- (a) The Group's bank facilities amounting to RMB9,195,825,000 (2016: RMB9,002,000,000), of which RMB4,608,400,000 (2016: RMB4,353,906,000) had been utilised as at the end of the reporting period, are unsecured.
- (b) Included in secured bank loans are amounts of RMB176,000,000 which are secured by certain of the Group's items of property, plant and equipment (Note 14).
- (c) Balance of RMB242,423,000 (2016: RMB420,419,000) are denominated in United States dollars ("USD") as at the end of the reporting period. All remaining borrowings are in RMB.
- (d) There were bank loans of RMB120,750,000 (2016: nil) with restricted clauses that the Bank has the right to accelerate the maturity of the loans. The Group classified the loans in current portion of bank loans.

## 29. 計息銀行及其他借款(續)

附註：

- (a) 本集團人民幣9,195,825,000元(二零一六年：人民幣9,002,000,000元)的銀行融資額，其中人民幣4,608,400,000元(二零一六年：人民幣4,353,906,000元)於報告期末已獲動用，乃無抵押。
- (b) 包括有抵押銀行貸款人民幣176,000,000元以本集團若干物業、廠房及設備作抵押(附註14)。
- (c) 結餘人民幣242,423,000元(二零一六年：人民幣420,419,000元)於報告期末以美元(「美元」)計值。所有餘下借款均以人民幣計值。
- (d) 銀行貸款人民幣120,750,000元(二零一六年：無)附有受限制條款，即銀行有權加速該等貸款到期。本集團將該等貸款分類為銀行貸款之即期部分。

Company	本公司	2017 二零一七年			2016 二零一六年		
		Contractual interest rate 合約利率	Maturity 到期日	RMB'000 人民幣千元	Contractual interest rate 合約利率	Maturity 到期日	RMB'000 人民幣千元
<b>CURRENT</b>	<b>流動</b>						
Bank loans	銀行貸款						
- unsecured	- 無抵押	LIBOR+0.85% 倫敦銀行同業拆息 +0.85%	2018 二零一八年	232,600	LIBOR+0.85% 倫敦銀行同業拆息 +0.85%	2017 二零一七年	243,619
<b>NON-CURRENT</b>	<b>非流動</b>						
Bank loans	銀行貸款						
- secured	- 有抵押	-	-	-	LIBOR+0.85% 倫敦銀行同業拆息 +0.85%	2018 二零一八年	176,800
				232,600			420,419

- (a) The bank loans of RMB232,600,000 (2016: RMB420,419,000) are denominated in United States dollars ("USD") as at the end of the reporting period.

- (a) 銀行貸款人民幣232,600,000元(二零一六年：人民幣420,419,000元)於報告期末以美元(「美元」)計值。

## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 29. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

A reconciliation of liabilities arising from financing activities is as follows:

Group	本集團	2016 二零一六年 RMB'000 人民幣千元	Cash flows 現金流量 RMB'000 人民幣千元	Non cash changes 非現金變動			2017 二零一七年 RMB'000 人民幣千元
				Acquisition 收購 RMB'000 人民幣千元	Foreign exchange movement 匯兌變動 RMB'000 人民幣千元	Other 其他 RMB'000 人民幣千元	
Loan from a Non-controlling interest	非控股權益貸款						
- current	- 流動	24,750	(24,750)	-	-	24,750	24,750
- non-current	- 非流動	75,250	-	-	-	(24,750)	50,500
Interest-bearing bank and other borrowings	計息銀行及其他借款						
- current	- 流動	756,156	(393,348)	-	(6,008)	1,289,312	1,646,112
- non-current	- 非流動	3,601,386	652,941	-	-	(1,289,312)	2,965,015
Bonds payable	應付融資債券						
- current	- 流動	200,000	(200,000)	-	-	600,000	600,000
- non-current	- 非流動	600,000	500,000	-	-	(600,000)	500,000
Total	總計	5,257,542	534,843	-	(6,008)	-	5,786,377

The 'other' column relates to reclassification of non-current portion of loans and borrowings including obligations under finance leases due to passage of time.

### 29. 計息銀行及其他借款 (續)

融資活動產生之負債之對賬如下：

「其他」一列與因時間推移重新分類貸款及借款(包括融資租賃承擔)之非流動部分有關。

### 30. BONDS PAYABLE

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Analysed into amount repayable:	分析為應付金額：		
Within one year	一年內	600,000	200,000
In the second year	於第二年	-	600,000
In the third year	於第三年	500,000	-
		1,100,000	800,000

### 30. 應付融資債券

### 30. BONDS PAYABLE (CONTINUED)

The RMB bonds totalling RMB300,000,000 and RMB300,000,000 have a maturity term of within one year, respectively, and bear fixed interest rates of 7.2% and 6.18% per annum respectively, with interest payable semi-annually in arrears and annually in arrears, respectively. The RMB bonds totalling RMB500,000,000 has a maturity term of within three years, and bear fixed interest rates of 7% per annum.

### 31. CONVERTIBLE BONDS

On 21 December 2011, the Company issued RMB denominated convertible bonds with a nominal value of RMB324,366,000. There was no movement during the year. Convertible bonds interest of 4.5% per annum is payable in cash annually in arrears on the anniversary of the issue date (i.e., 21 December 2011) in each year, commencing on the first anniversary of the issue date, which is accrued and paid through the transfer from retained profits of the Group. The bonds are convertible into ordinary shares of the Company at the option of the bondholder at the initial conversion price of approximately RMB1.84 per share any time after the issuance of the convertible bonds. While the convertible bonds bear interest at 4.5% per annum, the Company may, at its sole discretion, elect to defer the interest pursuant to the terms of the convertible bonds.

Unless previously redeemed, purchased and cancelled or converted, all the convertible bonds outstanding shall be converted into ordinary shares of the Company on the fifth anniversary of the date of issue. On 14 December 2016, the Company and the bondholder agreed to extend the maturity date to 21 December 2018 and reduced the interest rate to 2% per annum.

### 30. 應付融資債券(續)

總額為人民幣300,000,000元及人民幣300,000,000元的人民幣債券到期年期分別為一年內，並分別按固定年利率7.2%及6.18%計息，利息乃分別每半年及每年於期末支付。人民幣債券合共人民幣500,000,000元的到期期限為三年內，按固定利率每年7%計息。

### 31. 可換股債券

於二零一一年十二月二十一日，本公司已發行面值為人民幣324,366,000元的以人民幣計值的可換股債券。本年度內可換股債券數目並無變動。年利率4.5%可換股債券應於每年(自發行日期第一週年開始)發行日期(即二零一一年十二月二十一日)週年以現金按年度支付，通過轉讓本集團保留溢利轉撥應計及支付。本公司債券持有人可於可換股債券發行後隨時按每股初始轉換價約人民幣1.84元將債券轉換為普通股。由於可換股債券按每年4.5%計息，根據可換股債券條款，本公司可全權酌情選擇遞延利息。

除過往被贖回、購買及撤銷或轉換外，所有未償還可換股債券應於發行日期的第五個週年轉換為本公司普通股。於二零一六年十二月十四日，本公司與債券持有人同意將到期日延長至二零一八年十二月二十一日，並將年利率降至2%。



## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 31. CONVERTIBLE BONDS (CONTINUED)

The convertible bonds are redeemable at the option of the holder of the convertible bonds only upon the occurrence of a winding-up (any step taken by any person at the sole election of the Company not under direction of any third party, including judicial or regulatory) with a view to the voluntary winding-up or dissolution or administration of any group companies (including but not limited to a members' voluntary solvent winding-up), or any group companies cease or threaten to cease to carry on all or substantially all of its business or operations) at a redemption price which shall be equivalent to the aggregate of the outstanding principal amount of the convertible bonds together with a redemption premium of 8.0% per annum on the outstanding principal amount, up to the date fixed for redemption. In the opinion of the directors, the Company is able to defer or control the redemption of the principal, the payment of bond interest and other cash payments to the bondholder. Accordingly, the convertible bonds are classified as equity instruments.

During the year, bond interest of RMB6,487,000 (2016: RMB14,596,000) was accrued and paid to the bondholder.

### 31. 可換股債券(續)

可換股債券持有人可僅於發生清盤(任何人士經本公司全權選擇(並非根據任何第三方指示)採取任何司法或監管措施,以自動清盤或解散或管理任何集團成員公司(包括但不限於成員公司自動清盤),或任何集團公司終止或威脅終止經營其全部或大部分業務或經營活動),由可換股債券持有人選擇按贖回價(贖回價應相等於截至指定贖回日期,可換股債券未償還本金連同未償還本金每年8.0%的贖回溢價)贖回。董事認為,本公司可遞延或控制本金的贖回、向債券持有人的債券利息付款及其他現金付款。因此,可換股債券分類為股本工具。

於本年度內,應計債券利息為人民幣6,487,000元(二零一六年:人民幣14,596,000元)已支付予債券持有人。



## 32. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

### DEFERRED TAX LIABILITIES

## 32. 遞延稅項

本年度遞延稅項負債及資產變動情況如下：

### 遞延稅項負債

Group 本集團		Fair value adjustments arising from acquisition of subsidiaries 收購一家附屬 公司產生的 公平值調整 (note a) (附註 a) RMB'000 人民幣千元	Withholding tax 預扣稅項 (note b) (附註 b) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	22,943	40,222	63,165
Deferred tax credited to profit or loss during the year (Note 11)	年內在損益賬計入的遞延稅項(附註 11)	(1,024)	(5,350)	(6,374)
At 31 December 2016 and at 1 January 2017	於二零一六年十二月三十一日及於二零一七年一月一日	21,919	34,872	56,791
Deferred tax credited to profit or loss during the year (Note 11)	年內在損益賬計入的遞延稅項(附註 11)	(1,024)	(18,828)	(19,852)
At 31 December 2017	於二零一七年十二月三十一日	20,895	16,044	36,939

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 32. DEFERRED TAX (CONTINUED)

### DEFERRED TAX ASSETS

Group 本集團		Loss available for offsetting against future taxable profits 抵銷未來 溢利之未動用 稅項虧損 (note c) (附註 c)	Deductible temporary differences 可扣稅暫時差額	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	8,593	11,121	19,714
Deferred tax credited to profit or loss during the year (Note 11)	年內在損益賬計入的遞延稅項(附註11)	2,413	1,674	4,087
At 31 December 2016 and at 1 January 2017	於二零一六年十二月三十一日及於二零一七年一月一日	11,006	12,795	23,801
Deferred tax credited to profit or loss during the year (Note 11)	年內在損益賬計入的遞延稅項(附註11)	(2,413)	1,738	(675)
At 31 December 2017	於二零一七年十二月三十一日	8,593	14,533	23,126

Notes:

- (a) Deferred tax liabilities arising from fair value adjustments upon acquisitions of subsidiaries represent the deferred tax liabilities on the fair value uplift of the net tangible assets owned by the subsidiaries, arising in 2011 and 2015. The deferred tax liabilities are amortised to the profit or loss over the estimated useful lives of the coal mining rights.
- (b) Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprises established in Mainland China for earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group made provision for deferred tax liabilities on withholding tax at 5% of the forecasted dividend payout of the earnings of all its PRC subsidiaries because the directors believe that the PRC subsidiaries would not pay out all their earnings as dividends.
- (c) Deferred tax assets have not been recognised in respect of the tax losses amounted to RMB120,243,000 (2016: RMB90,307,000) as in the opinion of the directors, it is uncertain whether sufficient future taxable profits will be available against which the tax losses can be utilised.

## 32. 遞延稅項(續)

### 遞延稅項資產

附註：

- (a) 收購一家附屬公司產生的公平值調整而產生的遞延稅項負債指因二零一一年及二零一五年產生附屬公司所擁有有形資產淨值增加的遞延稅項負債。遞延稅項負債乃以煤礦開採權估計使用年期損益攤銷。
- (b) 根據中國企業所得稅法，就二零零七年十二月三十一日後之收益在中國內地成立的外商投資企業向海外投資者宣派的股息會被徵收10%的預扣稅項。倘中國內地與海外投資者的司法權區訂有稅務條約，則較低的預扣稅率可能會適用。本集團已按其中國附屬公司的所有盈利的預測支派股息的5%就遞延稅項負債計提預扣稅撥備，因為董事認為中國附屬公司不會將其所有盈利作為股息派發。
- (c) 未確認稅項虧損的遞延稅項資產金額為人民幣120,243,000元(二零一六年：人民幣90,307,000元)，同時亦不確定未來是否有充足的可課稅溢利用於抵消稅項虧損。

### 33. SHARE CAPITAL

		Number of ordinary shares 普通股數目		Amount 金額	
		2017 二零一七年	2016 二零一六年	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Issued and fully paid	已發行及繳足	995,736,000	1,000,000,000	872,579*	881,124*

\* Equivalent to Singapore dollars ("SGD") 172,788,000 (2016: 174,480,000).

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

### 34. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

In accordance with the Wholly Foreign Owned Enterprise Law applicable to the subsidiaries in the PRC, the subsidiaries are required to make appropriations to the Statutory Reserve Fund (the "SRF"). At least 10% of the after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

### 33. 股本

\* 相等於172,788,000新加坡元(「新加坡元」)  
(二零一六年：174,480,000)。

普通股持有人有權享有本公司宣派的股息，所有普通股均同股同權，普通股概無面值。

### 34. 儲備

本集團及本公司於本年度及過往年度的儲備金額及有關變動已於綜合權益變動表內呈列。

根據適用於中國附屬公司的外資企業法，該等附屬公司須撥款至法定儲備金(「法定儲備金」)。根據適用的中國會計準則及法規所釐定的除稅後溢利的至少10%必須分配至法定儲備金，直至法定儲備金的累計總額已達到該等附屬公司註冊資本的50%。經相關中國機構批准後，法定儲備金可用作抵銷任何累計虧損或增加該等附屬公司的註冊資本。法定儲備金不可用於向股東作出股息分派。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### MAJOR NON-CASH TRANSACTION

#### (a) INTEREST CAPITALISATION

During prior year, the Group capitalised interest expense of RMB11,715,000 to property, plant and equipment (note 14).

#### (b) ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

During prior year, the consideration of the Runcheng Acquisition of RMB105,000,000 was partly settled by a prepayment to a related party of RMB44,000,000 paid in the year 2015.

## 36. OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the Group had outstanding operating lease agreements for buildings, and plant and machinery in Mainland China. Future minimum rentals payable of the Group under non-cancellable operating leases at the end of the reporting period are as follows:

## 35. 綜合現金流量表附註

### 主要非現金交易

#### (a) 資本化利息

於過往年度，本集團於物業、廠房及設備的資本化利息開支為人民幣11,715,000元（附註14）。

#### (b) 通過收購附屬公司收購資產

於過往年度，潤誠收購事項代價人民幣105,000,000元部分由二零一五年年內關連方預付款人民幣44,000,000元結算。

## 36. 經營租約安排

於申報期末，本集團於中國內地擁有未履行樓宇、廠房及機器的經營租約協議。根據於申報期末的不可撤銷經營租約，本集團應付的未來最低租金如下：

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within one year	一年內	82,620	77,155
In the second to fifth years, inclusive	第二年至第五年 (包括首尾兩年)	84,079	86,212
After five years	五年以上	36,473	38,833
		<b>203,172</b>	202,200

### 37. COMMITMENTS

In addition to the operating lease commitments detailed in Note 36 above, the Group had the following capital and other commitments at the end of the reporting period:

### 37. 承擔

除上文附註36所詳述的經營租約承擔外，本集團於申報期末擁有以下資本及其他承擔：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Capital commitments	資本承擔		
Contracted, but not provided for:	已訂約但未撥備：		
Buildings	樓宇	217,751	212,026
Plant and machinery	廠房及機器	207,446	218,544
Coal mines	煤礦	25,870	27,606
		451,067	458,176
Other commitments	其他承擔		
Purchases of raw materials	購買原材料	554,272	497,696

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 38. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

		Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Sales of electricity, water and steam to:*	向以下公司銷售水電及蒸汽：*	(i)		
- Xinxiang Xinlianxin Chemicals Equipment Co., Ltd. #	- 新鄉市心連心化工設備有限公司#		241	170
- Xinxiang Yuyuan Chemicals Co., Ltd. #	- 新鄉市玉源化工有限公司#		290	554
- Henan XLX Jingmi Fengtou Co., Ltd. #	- 河南心連心精密封頭有限公司#		842	712
Service fee income for provision of calibration and testing services to:	向以下公司提供調試服務的 服務費用收入：			
- Xinxiang Yuyuan Chemicals Co., Ltd. #	- 新鄉市玉源化工有限公司#		-	14
Sales of spare parts inventories to:	向以下公司銷售備用 零件存貨：			
- Xinxiang Xinlianxin Chemicals Equipment Co., Ltd #	- 新鄉市心連心化工設備有限公司		-	12
Purchases of equipment from:	向以下公司購買設備：	(ii)		
- Xinxiang Xinlianxin Chemicals Equipment Co., Ltd #	- 新鄉市心連心化工設備有限公司#		31,797	20,368
- Xinxiang Shenzhou Anti-corrosion Installation Co., Ltd #	- 新鄉市神州防腐安裝有限公司#		5,094	1,160
- Xinjiang Antai Shenzhou Fengtou Co. Ltd. #	- 新疆安泰神州封頭有限公司#		-	4,608
Operating lease expenses to:	經營租約開支予：	(iii)		
- Henan Xinlianxin Chemicals Group Co., Ltd.	- 河南心連心化工集團有限公司		2,239	2,239

# These companies are subsidiaries of Henan Chemicals Equipment Co., Ltd., which has common shareholders with the Company. The Company's executive directors and executive officers have certain equity interests in Henan Chemicals Equipment Co., Ltd.

\* The amounts represent gross sales of by-products.

## 38. 關連方交易

(a) 除了在此等財務報表其他部分載述的交易外，本集團於年內與關連方進行下列交易：

# 該等公司為河南化工設備有限公司的附屬公司，河南化工的股東與本公司的股東相同。本公司的執行董事及行政人員於河南化工設備有限公司擁有若干股權。

\* 該等金額代表副產品的銷售總額。

### 38. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (continued)

Notes:

- (i) The sales of electricity were made according to the unit cost of electricity announced by the Henan Province Development and Reform Committee (河南省發展和改革委員會). The sales of water and steam were made according to mutually agreed terms with reference to the sales contract between the parties.
- (ii) The purchases of items of property, plant and equipment were charged based on the mutually agreed terms with reference to the sales contract between the parties.
- (iii) The operating lease expenses for the year were charged at a fixed monthly amount of RMB186,600 (2016: RMB186,600).

All the related party transactions above constitute continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Compensation of directors and key management personnel of the Group:

### 38. 關連方交易(續)

(a) (續)

附註：

- (i) 銷售電力乃根據河南省發展和改革委員會公佈的電力單位成本作出。銷售用水及蒸汽乃根據銷售合約項下雙方彼此協定之條款作出。
- (ii) 購買物業、廠房及設備項目乃根據銷售合約項下雙方彼此協定之條款收取。
- (iii) 年度經營租約開支乃根據每月人民幣186,600元(二零一六年：人民幣186,600元)收取。

上文的所有關連方交易構成香港聯合交易所有限公司證券上市規則第十四A章所界定的持續關連交易。

(b) 本集團董事及主要管理人員的薪酬：

		Group 本集團	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Directors' fees	董事袍金	800	800
Salaries and bonuses	薪金及花紅	14,080	5,759
Contributions to defined contribution plans	定期供款計劃的已供款部分	150	313
		<b>15,030</b>	<b>6,872</b>
Comprise amounts paid to:	包括支付予下列人士的金額：		
– Directors of the Company	– 本公司董事	12,117	3,140
– Other key management personnel	– 其他主要管理人員	2,913	3,732
		<b>15,030</b>	<b>6,872</b>

Further details of the directors' remuneration are included in Note 9 to these financial statements.

董事酬金的進一步詳情載於此等財務報表附註9。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

### FINANCIAL ASSETS

Group 本集團	Notes 附註	2017 二零一七年			2016 二零一六年			
		Loans and receivables 貸款及應收款項 RMB'000 人民幣千元	Available-for-sale financial assets 可供出售 金融資產 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Loans and receivables 貸款及應收款項 RMB'000 人民幣千元	Available-for-sale financial assets 可供出售 金融資產 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	
Available-for-sale investments	可供出售投資	18	-	37,178	37,178	-	10,893	10,893
Trade and bills receivables	貿易應收款項及應收票據	21	160,829	-	160,829	75,117	-	75,117
Financial assets included in deposits and other receivables	計入按金及其他應收款項的 金融資產	19	395,054	-	395,054	74,653	-	74,653
Due from related companies	應收關連公司款項	22	2,603	-	2,603	9,146	-	9,146
Pledged time deposits	已抵押存款	23	181,077	-	181,077	226,349	-	226,349
Cash and cash equivalents	現金及現金等價物	23	341,270	-	341,270	512,806	-	512,806
			1,080,833	37,178	1,118,011	898,071	10,893	908,964

### FINANCIAL LIABILITIES

## 39. 按分類列示的金融工具

於申報期末，各類金融工具的賬面值如下：

### 金融資產

### 金融負債

#### Financial liabilities at amortised cost 按攤銷成本列賬的金融負債

Group 本集團	Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	
Trade payables	貿易應付款項	24	246,701	185,577
Bills payable	應付票據	25	423,915	655,020
Financial liabilities included in accruals and other payables	計入應計費用及其他 應付款項的金融負債	26	829,582	855,875
Due to related companies	應付關連公司款項	22	45	4,391
Loan from a non-controlling interest	非控股權益貸款	28	75,250	100,000
Interest-bearing bank and other borrowings	計息銀行及其他借款	29	4,611,127	4,357,542
Bonds payable	應付融資債券	30	1,100,000	800,000
			7,286,620	6,958,405



### 39. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

#### FINANCIAL ASSETS

Company	Notes	2017 二零一七年			2016 二零一六年			
		Loans and receivables 貸款及應收款項 RMB'000 人民幣千元	Available-for-sale financial assets 可供出售金融資產 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Loans and receivables 貸款及應收款項 RMB'000 人民幣千元	Available-for-sale financial assets 可供出售金融資產 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	
Available-for-sale investments	可供出售投資	18	-	37,178	37,178	-	4,185	4,185
Due from a subsidiary	應收附屬公司款項	22	329,721	-	329,721	219,400	-	219,400
Cash and cash equivalents	現金及現金等價物	23	52,416	-	52,416	13,034	-	13,034
			382,137	37,178	419,315	232,434	4,185	236,619

#### FINANCIAL LIABILITIES

### 39. 按分類列示的金融工具(續)

#### 金融資產

#### 金融負債

#### Financial liabilities at amortised cost 按攤銷成本列賬的金融負債

Company	Notes	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	
Financial liabilities included in accruals and other payables	計入應計費用及其他應付款項的金融負債	26	14,825	9,270
Due to a subsidiary	應付附屬公司款項	22	294,951	-
Interest-bearing bank and other borrowings	計息銀行及其他借款	29	232,600	420,419
			542,376	429,689

## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

#### ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The carrying amounts and fair values of the financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Group and Company 本集團及本公司	Carrying amounts 賬面淨值		Fair values 公平值		
	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	
<b>Financial asset</b>	<b>金融資產</b>				
Available-for-sale investment	可供出售投資	37,178	4,185	37,178	4,185

The carrying amounts of financial liabilities approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, pledged time deposits, trade and bills receivables, deposits and other receivables, amounts due from/to related companies, trade and bills payables, a loan from a non-controlling interest and financial liabilities included in accruals and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

### 40. 金融工具的公平值及公平值架構

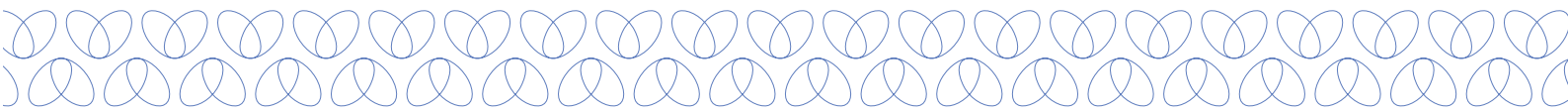
#### 按公平值計量的資產及負債

金融工具(惟賬面值與公平值合理相若者除外)的賬面值及公平值如下:

金融負債之賬面值接近其公平值。

經管理層評估,現金及現金等價物、已抵押定期存款、貿易應收款項及應收票據、按金及其他應收款項、應收/應付關連公司款項、貿易應付款項及應付票據、非控股權益貸款、計入應計費用及其他應付款項之金融負債之公平值與其賬面值相若,主要是其到期時間短使然。

本集團的企業融資部乃由財務經理領導,負責釐定計量金融工具之公平值的政策及程序。企業融資部直接向首席財務管及審核委員會匯報。於各申報日期,企業融資部分析金融工具的價值變動並釐定適用於估值的主要計算因素。估值由首席財務官審閱及批准,且就中期及年度財務申報而言,估值過程及結果由審核委員會每年討論兩次。



#### **40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)**

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the non-current portion of accruals and other payables, a loan from a non-controlling interest, interest-bearing bank and other borrowings and bonds payable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for non-current accruals and other payables, loan from a non-controlling interest, interest-bearing bank and other borrowings and bonds payable as at 31 December 2017 was assessed to be insignificant.

The fair value of the listed equity investment is determined by direct reference to its price quotation in an active market at the end of the reporting period.

#### **FAIR VALUE AND CARRYING AMOUNT OF THE GROUP'S ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE, FOR WHICH FAIR VALUE IS DISCLOSED**

The fair value of the unlisted equity investment was not disclosed because they cannot be reliably measured as the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair values. Further details are given in Note 18.

#### **40. 金融工具的公平值及公平值架構 (續)**

金融資產及負債的公平值以該工具於自願交易方(而非強迫或清盤銷售)當前交易下的可交易金額入賬。下列方法及假設乃用於估算公平值：

其他非即期累計及應付款項部份、非控股權益貸款、計息銀行及其他借款及應付融資債券的公平值乃透過現時工具按類似條款所得的利率、信貸風險及餘下到期日折現預期未來現金流量而計算。於二零一七年十二月三十一日，本集團其他非即期累計及應付款項、非控股權益貸款、計息銀行及其他借款及應付融資債券的不履約風險被評估為不重大。

上市股本投資的公平值乃透過直接參考其於申報期末在活躍市場上的所報價格釐定。

#### **並非按公平值計量的本集團資產及負債 (其公平值已披露) 的公平值及賬面值**

非上市股權投資的公平值未進行披露，乃因為該等公平值不能可靠地計量，原因是範圍內各種估計之可能性無法合理評估並用於估計公平值。更多詳情載列於附註18。

## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

#### FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the financial instrument:

#### ASSET MEASURED AT FAIR VALUE:

As at 31 December 2017

Group and Company 本集團及本公司		Quoted prices in active markets 在活躍市場上 的報價 (Level 1) (第一級) RMB'000 人民幣千元
Available-for-sale investment	可供出售投資	37,178

As at 31 December 2016

Group and Company 本集團及本公司		Quoted prices in active markets 在活躍市場上 的報價 (Level 1) (第一級) RMB'000 人民幣千元
Available-for-sale investment	可供出售投資	4,185

During the year, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 (2016: Nil).

#### LIABILITY MEASURED AT FAIR VALUE:

The Group had no financial liability measured at fair value as at 31 December 2017 and 31 December 2016.

### 40. 金融工具的公平值及公平值架構 (續)

#### 公平值架構

下表載列金融工具的公平值計量架構：

#### 按公平值計量的資產：

於二零一七年十二月三十一日

Group and Company 本集團及本公司		Quoted prices in active markets 在活躍市場上 的報價 (Level 1) (第一級) RMB'000 人民幣千元
Available-for-sale investment	可供出售投資	37,178

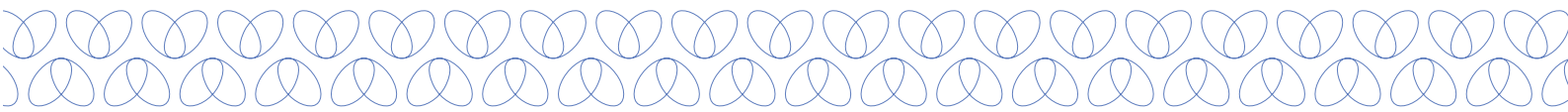
於二零一六年十二月三十一日

Group and Company 本集團及本公司		Quoted prices in active markets 在活躍市場上 的報價 (Level 1) (第一級) RMB'000 人民幣千元
Available-for-sale investment	可供出售投資	4,185

於本年度內，第一級與第二級之間概無公平值計量轉入，亦無第三級公平值計量的轉入或轉出(二零一六年：無)。

#### 按公平值計量的負債：

於二零一七年十二月三十一日及二零一六年十二月三十一日，本集團並無按公平值計量的金融負債。



## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the chief financial officer and finance manager.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) CREDIT RISK

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets such as cash and cash equivalents, pledged time deposits, available-for-sale investments, amounts due from related companies, bills receivables and deposits and other receivables, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that the majority of customers who wish to trade are required to pay cash on delivery or in advance before collecting any goods. A minority of customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

## 41. 財政風險管理目標及政策

本集團面對其經營及使用金融工具所產生的財務風險。主要財務風險包括信貸風險、流動資金風險、利率風險及外幣風險。董事會檢討及協定管理該等風險的政策及程序，而該等政策及程序乃由首席財務官及財務經理執行。

下節提供有關本集團所面對上述財務風險以及管理該等風險的目標、政策及程序的詳情。

### (a) 信貸風險

信貸風險為倘對手方不履行其責任時尚未清償的金融工具可能產生的虧損風險。本集團面對的信貸風險主要來自貿易及其他應收款項。就現金及現金等價物有抵押定期存款、可供出售投資、應收關連公司款項、應收票據及按金和其他應收款項等其他金融資產而言，本集團透過僅與信貸評級高的對手方買賣以減低信貸風險。

本集團的目標為於尋求持續收入增長的同時，減低信貸風險增加所產生的虧損。本集團僅與獲認可兼信譽良好的第三方交易。根據本集團的政策，大部分擬交易的客戶必須於交付時支付現金或於收取任何貨品前進行預付。少數擬按信貸條款進行交易的客戶則必須通過信貸核實程序。此外，應收結餘會被持續監察，而本集團的壞賬風險並不重大。

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) CREDIT RISK (CONTINUED)

#### EXPOSURE TO CREDIT RISK

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

#### CREDIT RISK CONCENTRATION PROFILE

The Group assesses concentration of credit risk by monitoring on an on-going basis the aged analysis of its trade receivables. There are no significant concentrations of credit risk within the Group. At 31 December 2017, the Group's trade receivables of RMB11,965,000 (2016: RMB4,020,000) were due from its 10 largest customers.

### (b) LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

## 41. 財政風險管理目標及政策(續)

### (a) 信貸風險(續)

#### 面對的信貸風險

於申報期末，本集團的最高信貸風險乃指各金融資產類別於財務狀況表內所確認的賬面值。

#### 信貸風險集中概況

本集團透過持續監察其貿易應收款項各個產品類別的賬齡分析評估信貸風險的集中程度。本集團並無存在重大信貸風險集中。於二零一七年十二月三十一日，本集團貿易應收款項人民幣11,965,000元(二零一六年：人民幣4,020,000元)為應收十大客戶的款項。

### (b) 流動資金風險

流動資金風險為本集團因資金短缺而難以履行財務責任的風險。本集團面對的流動資金風險主要來自金融資產及負債到期時間的錯配。本集團的目標為透過使用備用信貸融通維持資金持續性與靈活性之間的平衡。

本集團監察並維持管理層認為充裕的現金及現金等價物水平，以撥支本集團的營運及減低現金流量波動的影響。

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) LIQUIDITY RISK (CONTINUED)

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payment, is as follows:

Group 本集團		Within 1 year or on demand	1 to 3 years	3 to 5 years	Over 5 years	Total
		1年內或於通知時 RMB'000 人民幣千元	1至3年 RMB'000 人民幣千元	3至5年 RMB'000 人民幣千元	5年以上 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
<b>31 December 2017</b>	於二零一七年十二月三十一日					
Trade payables	貿易應付款項	246,701	-	-	-	246,701
Bills payable	應付票據	423,915	-	-	-	423,915
Financial liabilities included in accruals and other payables	計入應計費用及其他應付款項 的金融負債	829,582	-	-	-	829,582
Due to related companies	應付關連公司款項	45	-	-	-	45
Loan from a non-controlling interest	非控股權益貸款	25,926	52,146	-	-	78,072
Interest-bearing bank and other borrowings	計息銀行及其他借款	1,849,299	2,585,467	568,612	-	5,003,378
Bonds payable	應付融資債券	616,576	596,153	-	-	1,212,729
		<b>3,992,044</b>	<b>3,233,766</b>	<b>568,612</b>	<b>-</b>	<b>7,794,422</b>
<b>31 December 2016</b>	於二零一六年十二月三十一日					
Trade payables	貿易應付款項	185,577	-	-	-	185,577
Bills payable	應付票據	655,020	-	-	-	655,020
Financial liabilities included in accruals and other payables	計入應計費用及其他應付款項 的金融負債	885,875	-	-	-	885,875
Due to related companies	應付關連公司款項	4,391	-	-	-	4,391
Loan from a non-controlling interest	非控股權益貸款	27,924	-	84,901	-	112,825
Interest-bearing bank and other borrowings	計息銀行及其他借款	823,459	2,557,795	1,548,619	-	4,929,873
Bonds payable	應付融資債券	205,522	660,933	-	-	866,455
		<b>2,787,768</b>	<b>3,218,728</b>	<b>1,633,520</b>	<b>-</b>	<b>7,640,016</b>

## 41. 財政風險管理目標及政策(續)

### (b) 流動資金風險(續)

根據合約性非折現付款，本集團金融負債於申報期末的到期概況如下：

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) LIQUIDITY RISK (CONTINUED)

The maturity profile of the Company's financial liabilities at the end of the reporting period, based on the contractual undiscounted payment, is as follows:

Company		Within 1 year or on demand 1年內或於通知時 RMB'000 人民幣千元	1 to 3 years 1至3年 RMB'000 人民幣千元	3 to 5 years 3至5年 RMB'000 人民幣千元	Over 5 years 5年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>31 December 2017</b>	<b>於二零一七年十二月三十一日</b>					
Financial liabilities included in accruals and other payables	計入應計費用及其他應付款項的金融負債	14,825	-	-	-	14,825
Due to a subsidiary	應付附屬公司款項	294,951	-	-	-	294,951
Interest-bearing bank and other borrowings	計息銀行及其他借款	232,600	-	-	-	232,600
		<b>542,376</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>542,376</b>
<b>31 December 2016</b>	<b>於二零一六年十二月三十一日</b>					
Financial liabilities included in accruals and other payables	計入應計費用及其他應付款項的金融負債	9,270	-	-	-	9,270
Interest-bearing bank and other borrowings	計息銀行及其他借款	243,619	176,800	-	-	420,419
		<b>252,889</b>	<b>176,800</b>	<b>-</b>	<b>-</b>	<b>429,689</b>

### (c) INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily from its loans and borrowings subject to a floating interest rate.

## 41. 財政風險管理目標及政策 (續)

### (b) 流動資金風險 (續)

根據合約性非折現付款，本公司金融負債於申報期末的到期概況如下：

### (c) 利率風險

利率風險為本集團金融工具的公平值或未來現金流量因市場利率變動而出現波動的風險。本集團所面對的市場利率變動風險主要來自其浮動利率貸款及借款。



## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) INTEREST RATE RISK (CONTINUED)

#### SENSITIVITY ANALYSIS FOR INTEREST RATE RISK

##### *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

##### *Cash flow sensitivity analysis for variable rate instruments*

For variable rate financial assets and liabilities, the Group has determined the carrying amounts of cash and short-term deposits based on their notional amounts, which reasonably approximate to their fair values because these are mostly short-term in nature or are repriced frequently. For interest-bearing bank and other borrowings, a change in interest rate at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Group 本集團		Increase in basis points 基點增加	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Interest expense	利息開支			
RMB	人民幣	10	(3,506)	(2,041)
USD	美元	10	(198)	(357)
Interest income	利息收入			
RMB	人民幣	10	289	425
USD	美元	10	21	7

## 41. 財政風險管理目標及政策(續)

### (c) 利率風險(續)

#### 利率風險敏感度分析

##### *定息工具的公平值敏感度分析*

本集團不會就定息金融資產及負債透過損益以公平值入賬。因此，利率於申報日期的變動並不影響損益。

##### *浮息工具的現金流量敏感度分析*

就浮息金融資產及負債而言，本集團已釐定現金及短期存款按名義金額得出的賬面值與其公平值合理地相若，因其大部分在本質上屬於短期或經常重新訂價。就計息銀行及其他借款而言，利率於申報日期的變動將按下文所示的金額增加/(減少)損益。此分析乃假設所有其他可變因素，尤其是外幣匯率保持不變。

## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (d) FOREIGN CURRENCY RISK

The Group holds cash and cash equivalents and interest-bearing bank borrowings denominated in foreign currencies for working capital purposes. At the end of the reporting period, these foreign currency net assets/(liabilities) (mainly in SGD, USD and Hong Kong dollars ("HKD")) are as follows:

Group 本集團		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
SGD	新加坡元	-	161
USD	美元	(208,056)	(412,482)
HKD	港元	-	5,284
		(208,056)	(407,037)

The following table demonstrates the sensitivity to a reasonably possible change in the SGD, USD and HKD exchange rates (against RMB), with all other variables held constant, on the Group's profit, net of tax and equity.

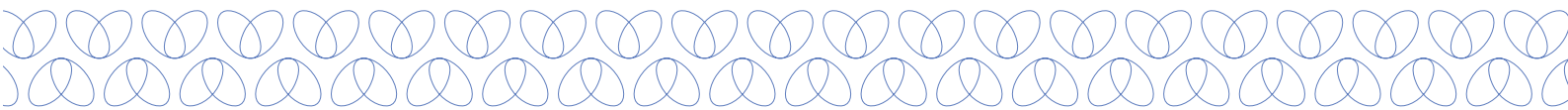
Group 本集團		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
SGD - strengthened 5% (2016: 5%)	新加坡元 - 轉強 5% (二零一六年: 5%)	-	8
- weakened 5% (2016: 5%)	- 轉弱 5% (二零一六年: 5%)	-	(8)
USD - strengthened 2% (2016: 2%)	美元 - 轉強 2% (二零一六年: 2%)	(4,161)	(8,250)
- weakened 2% (2016: 2%)	- 轉弱 2% (二零一六年: 2%)	4,161	8,250
HKD - strengthened 1% (2016: 1%)	港元 - 轉強 1% (二零一六年: 1%)	-	53
- weakened 1% (2016: 1%)	- 轉弱 1% (二零一六年: 1%)	-	(53)

### 41. 財政風險管理目標及政策 (續)

#### (d) 外匯風險

本集團持有以外幣計值的現金及現金等價物和計息銀行借款作營運資金用途。於申報期末，該等以外幣結算的淨資產／(負債) (主要為新加坡元、美元及港元(「港元」))如下：

下表顯示在所有其他可變因素保持不變下，本集團溢利(已扣除稅項及權益)對新加坡元、美元及港元(兌人民幣)的匯率的合理可能變動的敏感度。



## 42. CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 31 December 2016.

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As disclosed in Note 34, subsidiaries of the Group in the PRC are required by the Wholly Foreign Owned Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by these subsidiaries for the years ended 31 December 2017 and 31 December 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing bank and other borrowings, short-term and long-term bonds payable, trade and bills payables, amounts due to related companies, accruals and other payables less cash and cash equivalents and pledged deposits. Capital includes equity attributable to owners of the parent less the statutory reserve fund. The Group's policy is to keep the gearing ratio below 90%.

## 42. 資本管理

本集團初步的資本管理目標是保護集團持續發展的能力並保持穩健的資本比率以為集團業務提供支援並儘量擴大股東價值。

本集團根據經濟現狀變化以及標的資產的風險特徵對其資本結構進行管理，並做出相應調整。本集團可以透過調整向股東派發的股息、向股東發還資本或發行新股以保持或調整資本結構。截至二零一七年十二月三十一日及二零一六年十二月三十一日止年度，管理資本的目標、政策或程序概無任何變動。

本集團初步的資本管理目標是保護集團持續發展的能力並保持穩健的資本比率以為集團業務提供支援並儘量擴大股東價值。

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誠如附註34所披露，本集團於中國的附屬公司須根據中國外資企業法規定向不可分派的法定儲備金作出供款及維持儲備金，而使用法定儲備金須經相關中國機關批准。該等附屬公司於截至二零一七年十二月三十一日及二零一六年十二月三十一日止年度已遵守此外部施加的資本要求。

本集團使用資產負債比率監控資本，資產負債比率為負債淨額除以總資本加負債淨額。負債淨額包括計息銀行及其他借款、應付融資債券、貿易應付款項及應付票據、應付關連公司款項、應計費用及其他應付款項，減現金及現金等價物及已抵押存款。資本包括母公司擁有人應佔權益減法定儲備金。本集團的政策為維持90%以下的資產負債比率。

## Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

### 42. CAPITAL MANAGEMENT (CONTINUED)

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade payables	貿易應付款項	246,701	185,577
Bills payable	應付票據	423,915	655,020
Accruals and other payables	應計費用及其他應付款項	1,630,306	1,422,739
Due to related companies	應付關連公司款項	45	4,391
Loan from a non-controlling interest	非控股權益貸款	75,250	100,000
Interest-bearing bank and other borrowings	計息銀行及其他借款	4,611,127	4,357,542
Bonds payable	應付融資債券	1,100,000	800,000
Less: Cash and cash equivalents	減：現金及現金等價物	(341,270)	(512,806)
Pledged deposits	已抵押存款	(181,077)	(226,349)
Net debt	負債淨額	7,564,997	6,786,114
Equity attributable to owners of the parent	母公司擁有人應佔權益	3,366,675	3,035,787
Less: Statutory reserve fund	減：法定儲備金	(327,793)	(285,412)
Adjusted capital	經調整資本	3,038,882	2,750,375
Capital and net debt	資本和負債淨額	10,603,879	9,536,489
Gearing ratio	資本負債比率	71.34%	71.16%

### 42. 資本管理(續)

### 43. INVESTMENTS IN SUBSIDIARIES

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Investments in subsidiaries	於附屬公司的投資	1,446,355	1,446,355

### 43. 於附屬公司的投資

Company  
本公司

### 43. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of Company's subsidiaries are as follows:

### 43. 於附屬公司的投資(續)

本公司附屬公司的詳情如下：

Name 名稱	Place of registration and business 註冊及經營地點	Nominal value of registered capital 註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Henan Xinlianxin Fertiliser Co., Ltd.* # 河南心連心化肥 有限公司* #	PRC/Mainland China 中國/中國內地	RMB1,446,355,200 人民幣 1,446,355,200 元	100%	–	Manufacture and trading of urea, compound fertiliser, methanol, liquid ammonia and ammonia solution 生產及銷售尿素、 複合肥、甲醇、 液態氨及氨溶液
Henan Shoulashou Fertiliser Co., Ltd.®# 河南手拉手化肥 有限公司®#	PRC/Mainland China 中國/中國內地	RMB1,000,000 人民幣 1,000,000 元	–	100%	Dormant 暫停業務
Xinjiang Xinlianxin Energy Chemicals Co., Ltd.®# ("Xinjiang XLX") (note a) 新疆心連心能源化工 有限公司®# ([「新疆心連心」]) (附註 a)	PRC/Mainland China 中國/中國內地	RMB1,185,000,000 人民幣 1,185,000,000 元	–	89.10%	Investment holding, manufacture and trading of urea and compound fertiliser 投資控股、生產 及銷售尿素 及複合肥
Manas Tianli Coal Co., Ltd. ("Tianli")®# 瑪納斯天利煤業 有限責任公司 ([「天利」])®#	PRC/Mainland China 中國/中國內地	RMB65,000,000 人民幣 65,000,000 元	–	89.10%	Coal mining and sales of coal 煤礦開採及煤炭銷售
Tianxin®# 天欣®#	PRC/Mainland China 中國/中國內地	RMB39,550,000 人民幣 39,550,000 元	–	89.10%	Coal mining and sales of coal 煤礦開採及煤炭銷售
Henan Nongxin Fertiliser Co., Ltd. ("Nongxin")®# 河南農心肥業有限公司 ([「農心」])®#	PRC/Mainland China 中國/中國內地	RMB15,000,000 人民幣 15,000,000 元	–	100%	Manufacture and trading of compound fertiliser and related products 製造及銷售複合肥 及相關產品

# Notes to Financial Statements

財務報表附註 31 December 2017 於二零一七年十二月三十一日

## 43. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

## 43. 於附屬公司的投資(續)

Name 名稱	Place of registration and business 註冊及經營地點	Nominal value of registered capital 註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xinxiang Country Runcheng Trading Co., Ltd. ("Runcheng") <sup>@#</sup> 新鄉縣潤誠貿易有限公司(「潤誠」) <sup>@#</sup>	PRC/Mainland China 中國/中國內地	RMB106,000,000 人民幣 106,000,000 元	-	100%	Leasing of land 租賃土地
Jiujiang Xinlianxin Fertiliser Co., Ltd. ("Jiujiang XLX") <sup>@#</sup> 九江心連心化肥有限公司 <sup>@#</sup> (「九江心連心」) <sup>@#</sup>	PRC/Mainland China 中國/中國內地	RMB2,000,000 人民幣 2,000,000 元	-	100%	Manufacture and trading of urea and compound fertiliser 製造及銷售尿素及複合肥
Xinlianxin (Jilin) Fertiliser Co., Ltd. ("Jilin XLX") <sup>@#</sup> 心連心(吉林)化肥有限公司 (「吉林心連心」) <sup>@#</sup>	PRC/Mainland China 中國/中國內地	RMB5,000,000 人民幣 5,000,000 元	-	100%	Manufacture and trading of urea and compound fertiliser 製造及銷售尿素及複合肥
Akesu Xinlianxin Compound Fertiliser Co., Ltd. ("Akesu XLX") <sup>@#</sup> (note b) 阿克蘇心連心複合肥有限公司 (「阿克蘇心連心」) <sup>@#</sup> (附註 b)	PRC/Mainland China 中國/中國內地	RMB80,000,000 人民幣 80,000,000 元	-	89.10%	Manufacture and trading of compound fertiliser 製造及銷售尿素及複合肥
Xinxiang Country Shoudian Co., Ltd. ("Shoudian") <sup>@#</sup> (note c) 新鄉縣心連心售電有限公司 (「售電」) <sup>@#</sup> (附註 c)	PRC/Mainland China 中國/中國內地	RMB97,165,400 人民幣 97,165,400 元	-	100%	Selling and distributing electricity

\* The subsidiary is registered as a wholly-foreign-owned enterprise under PRC law.

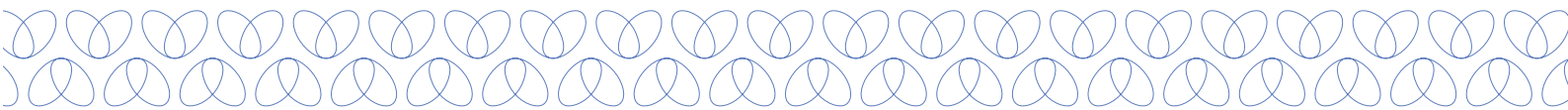
\* 該附屬公司是根據中國法律註冊成立的外商全資控股公司。

@ These subsidiaries are established in the PRC and registered under PRC law.

@ 該等附屬公司於中國成立並根據中國法例註冊。

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# 並非由 Ernst & Young LLP, Singapore 或安永會計師事務所全球網絡的其他成員會計師事務所審核。



### 43. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Notes:

- (a) Henan XLX injected RMB915,000K into Xinjiang XLX in March of 2017. Following the completion of the capital injection, the Company's interest in Xinjiang XLX was increased from 78.9% to 88.1%.
- (b) On 13 October 2017, Xinjiang XLX established a new subsidiary named Akesu XLX Compound Fertilizer Co., Ltd. (阿克蘇心連心複合肥有限公司) with a registered capital of RMB80,000,000. The main business of the subsidiary is producing and selling compound fertilizer. Xinjiang XLX owns 100% of its share.
- (c) On 17 April 2017, Henan XLX established a new subsidiary named XLX Shoudian (新鄉縣心連心售電有限公司) with a registered capital of RMB97,165,400. The main business of the subsidiary is selling and distributing electricity. Henan XLX owns 100% of its share.

### 44. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 19 March 2018.

### 43. 於附屬公司的投資(續)

附註：

- (a) 於二零一七年三月，河南心連心向新疆心連心注資人民幣915,000,000元。於完成注資後，本公司於新鄉心連心的權益由78.9%增長至88.1%。
- (b) 於二零一七年十月十三日，新疆心連心成立一間新附屬公司阿克蘇心連心複合肥有限公司，其註冊資金為人民幣80,000,000元。該附屬公司之主要業務為生產及銷售複合肥。新疆心連心擁有其100%股份。
- (c) 於二零一七年四月十七日，河南心連心成立一間新附屬公司新鄉縣心連心售電有限公司，其註冊資金為人民幣97,165,400元。該附屬公司之主要業務為銷售及分銷電力。河南心連心擁有其100%股份。

### 44. 批准財務報表

董事會已於二零一八年三月十九日批准並授權刊發財務報表。

## Five-Year Financial Summary

### 五年財務資料摘要

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

以下載列本集團於過去五個財政年度的綜合業績及資產與負債概要，乃摘錄自已刊發之經審核財務報表。

		Year ended 31 December 截至十二月三十一日止年度				
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元	2013 二零一三年 RMB'000 人民幣千元
<b>Results</b>	<b>業績</b>					
<b>Revenue</b>	收入	<b>7,561,547</b>	5,710,698	5,788,181	5,081,748	3,968,946
Cost of sales	銷售成本	<b>(5,974,597)</b>	(4,687,090)	(4,464,611)	(4,182,984)	(3,221,247)
<b>Gross profit</b>	毛利	<b>1,586,950</b>	1,023,608	1,323,570	898,764	747,699
Other income and gains	其他收入及收益	<b>87,594</b>	69,985	80,699	56,272	26,302
Selling and distribution expenses	銷售及分銷開支	<b>(482,909)</b>	(435,334)	(347,186)	(197,946)	(82,242)
General and administrative expenses	一般及行政開支	<b>(415,467)</b>	(318,612)	(317,496)	(242,789)	(275,984)
Other expenses	其他開支	<b>(5,600)</b>	(33,192)	(33,181)	(10,976)	(9,079)
Finance costs	財務成本	<b>(285,851)</b>	(266,366)	(228,190)	(218,020)	(95,073)
<b>Profit before tax</b>	除稅前溢利	<b>484,717</b>	40,089	478,216	285,305	311,623
Income tax expense	所得稅開支	<b>(61,185)</b>	(11,054)	(69,945)	(48,579)	(52,230)
<b>Profit for the year</b>	年內溢利	<b>423,532</b>	29,035	408,271	236,726	259,393
Attributable to:	以下人士應佔：					
Owners of the parent	母公司擁有人	<b>397,778</b>	30,120	408,780	240,796	264,052
Non-controlling interest	非控股權益	<b>25,754</b>	(1,085)	(509)	(4,070)	(4,659)
		<b>423,532</b>	29,035	408,271	236,726	259,393
<b>Assets and liabilities and non-controlling interests</b>	<b>資產及負債及非控股權益</b>					
Total assets	總資產	<b>11,905,762</b>	10,919,995	10,835,284	9,588,469	7,302,884
Total liabilities	總負債	<b>(8,255,808)</b>	(7,637,034)	(7,834,267)	(6,915,013)	(4,789,033)
Non-controlling interests	非控股權益	<b>(283,279)</b>	(247,174)	-	1,499	(2,571)
Equity attributable to owners of the parent	母公司擁有人應佔權益	<b>3,366,675</b>	3,035,787	3,001,017	2,674,955	2,511,280



## Glossary

### 詞彙表

In this annual report, unless the context states otherwise, the following terms shall have the following meanings:

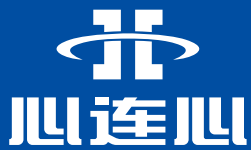
於本年報內，除文義另有指明外，下列詞彙均具有以下涵義：

“AC” or “Audit Committee”	Audit Committee of the Company	「審核委員會」	指	本公司的審核委員會
“AGM”	Annual General Meeting of the Company	「股東週年大會」	指	本公司的股東週年大會
“Board”	The Board of Directors	「董事會」	指	董事會
“Companies Act”	The Companies Act (Chapter 50) of Singapore	「公司法」	指	新加坡法例第50章公司法
“Company” or “China XLX” or “XLX”	China XLX Fertiliser Ltd.	「本公司」或「中國心連心」或「心連心」	指	中國心連心化肥有限公司
“Constitution”	Constitution of the Company	「章程」	指	本公司的章程
“Director(s)”	Director(s) of the Company	「董事」	指	本公司的董事
“EGM”	Extraordinary General Meeting of the Company	「股東特別大會」	指	本公司的股東特別大會
“FY2016”	The financial year ended 31 December 2016	「二零一六財政年度」	指	截至二零一六年十二月三十一日止的財政年度
“FY2017”	The financial year ended 31 December 2017	「二零一七財政年度」	指	截至二零一七年十二月三十一日止的財政年度
“Group”	The Company and its subsidiaries altogether	「本集團」	指	本公司連同其附屬公司
“Henan XLX”	Henan Xinlianxin Fertiliser Co., Ltd., a wholly owned subsidiary of the Company	「河南心連心」	指	河南心連心化肥有限公司，為本公司的全資附屬公司
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong	「港元」	指	港元，香港法定貨幣
“Listing Rules”	The Rules Governing the Listing of Securities on the SEHK	「上市規則」	指	聯交所證券上市規則

## Glossary

### 詞彙表

“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Listing Rules	「標準守則」	指	上市發行人董事進行證券交易的標準守則(上市規則附錄10)
“NC” or “Nomination Committee”	Nomination Committee of the Company	「提名委員會」	指	本公司的提名委員會
“PRC” or “China”	The People’s Republic of China	「中國」	指	中華人民共和國
“RC” or “Remuneration Committee”	Remuneration Committee of the Company	「薪酬委員會」	指	本公司的薪酬委員會
“RMB”	Renminbi, the lawful currency of the PRC	「人民幣」	指	中國法定貨幣人民幣
“S\$”	Singapore dollars	「新加坡元」	指	新加坡元
“SEHK”	The Stock Exchange of Hong Kong Limited	「聯交所」	指	香港聯合交易所有限公司
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)	「證券及期貨條例」	指	香港法例第571章證券及期貨條例
“SGX-ST”	Singapore Exchange Securities Trading Limited	「新交所」	指	新加坡證券交易所有限公司
“Shareholder(s)”	Shareholder(s) of the Company	「股東」	指	本公司的股東
“XLX Chem”	Henan Xinlianxin Chemicals Group Co., Ltd.	「心連心化工」	指	河南心連心化工集團有限公司



China XLX Fertiliser Ltd.  
中國心連心<sup>\*</sup>化肥有限公司<sup>\*</sup>

(Incorporated in Singapore with limited liability)  
(於新加坡註冊成立之有限公司)

Stock Code 股份代號：1866

<sup>\*</sup> For identification purpose only 僅供識別



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